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Economic Impact of the La Villa Hispana and El Mercado Projects

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Prepared for:
**The Northeast Ohio Hispanic Center for Economic
Development**

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August 2018

**ECONOMIC IMPACT OF
THE LA VILLA HISPANA
AND EL MERCADO
PROJECTS**

**CENTER FOR
ECONOMIC
DEVELOPMENT**

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EXECUTIVE SUMMARY

This report analyzes the potential economic impact of La Villa Hispana's construction and operation proposed in the Clark-Fulton neighborhood of Cleveland, the home to the densest population of Hispanic residents in the State of Ohio. We separately estimate the economic impact of El Mercado, one of the foundational projects of the La Villa Hispana development. The economic impacts are assessed on the City of Cleveland, Cuyahoga County, and the State of Ohio.

La Villa Hispana is nestled within Clark-Fulton, a neighborhood of Cleveland's near west side, expanding outward from the intersection of Clark Avenue and West 25th Street. The Clark-Fulton neighborhood is a transit-oriented community with a rich history. From as far back as the mid-1800s, German, Czech, Italian, Slav, and Polish immigrants settled in the Clark-Fulton neighborhood to be near the factories and breweries.¹ Since 1990, the demographic shift in Clark-Fulton has resulted in a significant and growing representation of Hispanic residents. Residents recall discussions around the place-making of a commercial area and neighborhood that celebrates the distinct culture of the Clark-Fulton population as far back as three decades ago. These long-standing ideas, now formed into 15 projects for the La Villa Hispana (Hispanic Village) development, will create a present and visible Hispanic cultural hub within Northeast Ohio.

La Villa Hispana's mission is to be the economic and cultural center of the Hispanic community in Greater Cleveland. The proposed development brought together multiple stakeholders in Cleveland's Hispanic community to boost economic development and cultural activities for those who live in the area. The first developments in La Villa Hispana include a historic restoration of The Lofts at Lion Mills building and renovation of the Meyer Building. The Meyer Building offers 2,750 square feet of professional office space, while the Lofts at Lion Mills offers 36 affordable apartment units.² These two projects were completed in 2017, directed by the Detroit Shoreway Community Development Organization, a nonprofit dedicated to economic and community development in parts of Cleveland's west side.

Table I summarizes the economic impacts from the 15 projects in La Villa Hispana:

¹ District 2: Clark-Fulton. (n.d.). Retrieved from <http://planning.city.cleveland.oh.us/cwp/districts.php?dt=dist2&dn=clark>

² The Lofts at Lion Mills. 2017. The Project Group. Retrieved from <http://theprojectgroup.net/project-manager-2/lofts-at-lion-mills>

Table I: Economic Impact from La Villa Hispana's Construction and Operation

	Average Annual Employment	Cumulative Labor Income	Cumulative Value Added	Cumulative Output	Cumulative State and Local Taxes	Cumulative Federal Tax
Construction and Renovation (2017-2023)						
Cleveland	67 jobs	\$27.2M	\$36.7M	\$66.3M	\$1.6M	\$3.9M
Cuyahoga County	82 jobs	\$32.9M	\$47.0M	\$81.9M	\$2.9M	\$6.2M
Ohio	107 jobs	\$41.1M	\$60.8M	\$113.5M	\$4.2M	\$8.4M
Operation (2018-2026)						
Cleveland	169 jobs	\$73.0M	\$106.7M	\$152.4M	\$5.2M	\$11.2M
Cuyahoga County	236 jobs	\$108.9M	\$170.9M	\$258.9M	\$12.0M	\$21.8M
Ohio	296 jobs	\$126.6M	\$195.8M	\$317.9M	\$13.7M	\$27.1M

El Mercado, the foundational development in La Villa Hispana, will be a thriving 48,352 square foot culturally-based public market with space for 21 microenterprises within a previously vacant factory on a heavily traveled thoroughfare. El Mercado will create a distribution outlet for food producing entrepreneurs, goods-producing entrepreneurs, and entrepreneurs providing services. It will also house offices and retail for other small businesses, community serving organizations, a restaurant, and a commercial kitchen.

Table II summarizes the economic impacts from El Mercado:

Table II: Economic Impact from El Mercado's Construction and Operation

	Average Annual Employment	Cumulative Labor Income	Cumulative Value Added	Cumulative Output	Cumulative State and Local Taxes	Cumulative Federal Tax
Construction and Renovation (2018-2019)						
Cleveland	46 jobs	\$6.0M	\$7.9M	\$12.6M	\$0.3M	\$0.9M
Cuyahoga County	56 jobs	\$7.2M	\$10.0M	\$15.8M	\$0.6M	\$1.3M
Ohio	86 jobs	\$10.2M	\$15.4M	\$28.4M	\$1.1M	\$2.1M
Operation (2020-2026)						
Cleveland	119 jobs	\$26.9M	\$38.0M	\$50.4M	\$2.4M	\$4.1M
Cuyahoga County	146 jobs	\$35.4M	\$56.7M	\$87.5M	\$5.6M	\$7.3M
Ohio	189 jobs	\$43.6M	\$67.7M	\$114.7M	\$5.8M	\$9.8M

INTRODUCTION & METHODOLOGY

This report focuses on the potential economic impact of La Villa Hispana's (Hispanic Village) construction and operation proposed in the Clark-Fulton neighborhood, home to the densest population of Hispanic residents in the State of Ohio. This study was commissioned by the Northeast Ohio Hispanic Center for Economic Development (NEOHCED) in collaboration with Detroit Shoreway Community Development Organization. The research team is grateful to Jenice Contreras and Adam Stalder for providing the data and feedback for the results.

The study assessed the economic impact using six models: the economic impact of La Villa Hispana on the City of Cleveland, Cuyahoga County, and the State of Ohio; and the economic impact of the Mercado project on the City of Cleveland, Cuyahoga County, and the State of Ohio. The impact of construction activities is estimated for the construction period of 2017-2023 for La Villa Hispana and 2018-2019 for El Mercado in each of the six models. The impact of operations is estimated annually from 2018 to 2026 for La Villa Hispana and from 2020 to 2026 for El Mercado. It is important to note that the models of La Villa Hispana construction include the impacts from El Mercado construction in 2018 and 2019 and the models of La Villa Hispana's operation in 2020 through 2026 includes the operation of El Mercado.

We conducted the economic impact study using IMPLAN Professional® and IMPLAN® Data Files. IMPLAN Professional® 3.0 is the latest economic impact assessment software system. The impact is measured using a framework of input-output modeling utilizing the economic multiplier-based approach. Input-output (I-O) models estimate inter-industry relationships in a region by measuring the industrial distribution of inputs purchased and outputs sold by each industry. By using I-O models, it is possible to estimate how the impact of one dollar or one job ripples through the local economy, creating additional expenditures, jobs, and income. This is the concept of an economic multiplier, which measures the effect that an initial expenditure has on the local economy.

The City of Cleveland model is built using the IMPLAN® Data Files for 19 zip-codes of Cleveland using the econometric Regional Purchase Coefficient (RPC) method.³ The Cuyahoga County model is based on the IMPLAN® Data File for Cuyahoga County and the State of Ohio model consists of 88 county-level data files. The RPC in the Cuyahoga and Ohio models are calculated from the trade flows model for county and state files. The input data provided by the client include El Mercado's development budget and operating pro-forma; the total costs for construction and renovation of each of the La Villa Hispana buildings and employment estimates for La Villa Hispana and El Mercado operations.

Six measures are used to estimate economic impact: *employment* (number of jobs), *labor income* (household earnings), *value added* (output less the value of intermediary goods – often

³ The City of Cleveland model is comprised of 19 zip-codes: 44119, 44120, 44127, 44128, 44135, 44144, 44108, 44109, 44110, 44111, 44113, 44114, 44115, 44101, 44102, 44103, 44104, 44105, 44106.

used as a proxy for Gross Domestic Product (GDP)-by-industry), *output* (total value of goods and services produced in the region⁴), and *state and local taxes* as well as *federal taxes*.

Each economic impact indicator is a summation of three components: *direct impact*, *indirect impact* and *induced impact*. *Direct impact* refers to the initial change of final demand measured in value of goods and services, including labor, used in the construction projects or the operation of La Villa Hispana and El Mercado. This change of the demand is sometimes referred to as the first-round effect. *Indirect impact* measures the value of labor, capital, and other inputs needed to produce the goods and services required by La Villa Hispana and El Mercado construction or operation (second-round and additional-round effects happening in supply-chain companies). *Induced impact* measures the change in spending by local households due to increased earnings of employees in La Villa Hispana and El Mercado and employees of companies in their supply chains.

This report is broken down into three sections: first, we will outline and describe the background on the importance of the Clark-Fulton neighborhood; La Villa Hispana, a Hispanic focused area in the neighborhood; and El Mercado, the commercial project designed to harness the capacity of Hispanic entrepreneurs. Second, we will estimate the economic impact of La Villa Hispana's construction and operation. Third, the impacts of El Mercado at La Villa Hispana will be presented.

⁴ The components of value added consist of compensation of employees, taxes on production and imports less subsidies, and gross operating surplus. Value added equals the difference between an industry's gross output (consisting of sales or receipts and other operating income, commodity taxes, and inventory change) and the cost of its intermediate inputs (including energy, raw materials, semi-finished goods, and services that are purchased from all sources). Source: U.S. Department of Commerce, Bureau of Economic Analysis.

BACKGROUND

Clark-Fulton Neighborhood

The Clark-Fulton neighborhood in Cleveland is located on the west side of Cleveland, just south of Ohio City and west of Tremont (Figure 1). This community served as a home to many employees who worked in the steel mills and local factories that operated in Cleveland for many decades during the large-scale manufacturing era. Since 1980s, deindustrialization and loss of manufacturing jobs contributed to urban decay in the Clark-Fulton neighborhood, with vacant retail space and a deteriorating housing stock. Consequently, the community's economic conditions continue to be difficult due to high unemployment and cyclical poverty.

The U.S. Census ranks the City of Cleveland No. 2 in the nation among big cities for high levels of poverty at 35% of residents in 2016.^{5,6} According to 2012-2016 American Community Survey, the poverty rate for the Clark-Fulton community is dramatically higher than in Cleveland with 50.6% of residents living below the poverty level.⁷ Unemployment is estimated at 17.6% in Clark-Fulton,⁸ more than quadruple the rate for Ohio which stands at 4.3% in 2018.⁹

Clark-Fulton is the home of Ohio's densest population of Hispanic residents (Figure 1).¹⁰ Nearly 11,000 Hispanic residents live in the Clark-Fulton community and 21,000 Hispanic residents on Cleveland's West Side.¹¹ They were recruited to Northeast Ohio under an economic development program initiated by the U.S. government after World War II and have been in Cleveland and Lorain for at least 70 years.^{12,13} However, according to the National Urban League, the Cleveland-Elyria Metropolitan area ranks 66th out of the 70 major metropolitan areas for Hispanic employment and ranks 27th for Hispanic Income Inequality.¹⁴ This is evident through data derived from the U.S. Census, which shows that 18.6% of Hispanic

⁵ U.S. Census Bureau QuickFacts: Cleveland city, Ohio. (n.d.). Retrieved from <https://www.census.gov/quickfacts/fact/table/clevelandcityohio/PST045217>

⁶ Williams, C. (2017, September 15). Detroit has highest big-city poverty rate; Cleveland second. *The Chronicle*

⁷ United States Census Bureau. (n.d.). Poverty status in the past 12 months by sex by age (Hispanic or Latino) - 2012-2016 American Community Survey 5-Year Estimates. Retrieved from <https://tinyurl.com/yct4qvpk>

⁸ United States Census Bureau. (n.d.). Employment status - 2012-2016 American Community Survey 5-year estimates. Retrieved from <https://tinyurl.com/y9bg26hm>

⁹ Ohio Economy at a Glance. (n.d.). Retrieved from

¹⁰ Ohio Hispanic Americans. (n.d.). Ohio Development Services Agency. Retrieved from <https://development.ohio.gov/files/research/P7002.pdf>

¹¹ The Northeast Ohio Hispanic Center for Economic Development.

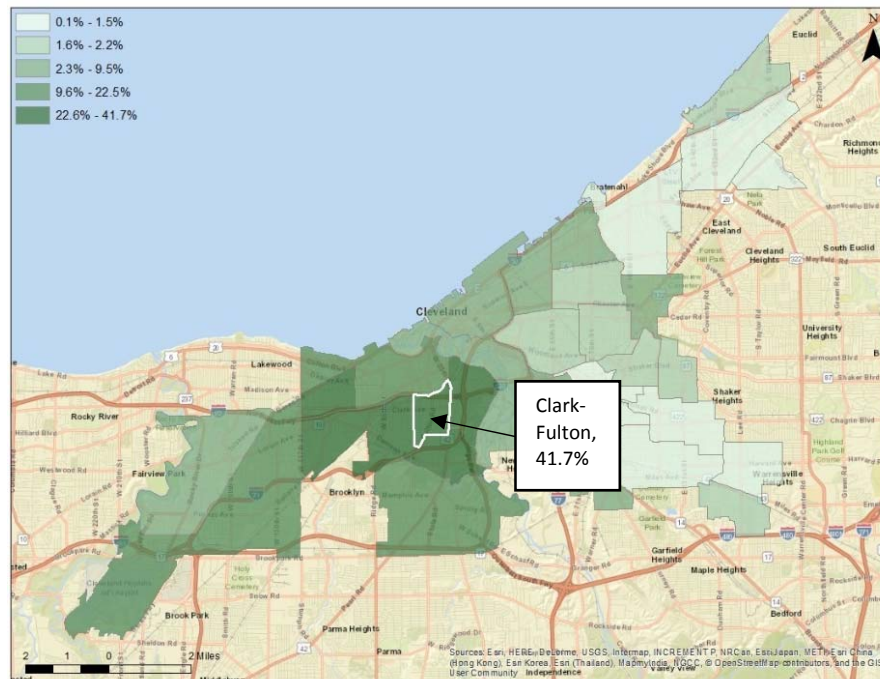
¹² Puerto Rican Migration to the U.S. *Digital Public Library of America*. Retrieved from <https://dp.la/primary-source-sets/puerto-rican-migration-to-the-us>

¹³ Litt, Steven. (2017, July 27). We Plan CLE tour highlights challenges and aspirations for La Villa Hispana on Cleveland's West Side. *Cleveland.com*. Retrieved from https://www.cleveland.com/architecture/index.ssf/2017/07/we_plan_cle_tour_highlights_as.html

¹⁴ Springs, P. R., & National Urban League. (2015). *2015 State of Black America: save our cities: educations, jobs + justice*. Retrieved from http://soba.iamempowered.com/sites/soba.iamempowered.com/files/SOBA2015_SinglePgs/index.html

residents are unemployed, compared to only 15% of that among white residents.¹⁵ While the overall percentage of Clark-Fulton residents lacking a high school diploma (or equivalent) is 35.2%, Hispanic residents are, on average, 5.5% more likely to lack a high school diploma than any other ethnicity.¹⁶

Figure 1: Cleveland's Hispanic Population



Source: Progress Index Cleveland based on 2011-2015 ACS 5-year Estimates¹⁷

In addition, Clark-Fulton residents face food access issues. According to the United States Department of Agriculture, five of the seven census tracts in the Clark-Fulton catchment area are designated as Low Income/Low Access areas, where the nearest supermarket is within the range of 0.5 – 10 miles of their residence. Currently individuals and families in the Clark-Fulton neighborhood must make multiple trips to stores outside of the neighborhood. Many residents do not have access to a vehicle; as such, walking is an important part of everyday life. Limited access to neighborhood supermarkets and grocery stores restricts access to healthy and affordable foods which often contributes to unhealthy diets.

¹⁵ Ohio Hispanic Americans. (n.d.). Ohio Development Services Agency. Retrieved from <https://development.ohio.gov/files/research/P7002.pdf>

¹⁶ United States Census Bureau. (n.d.). Educational Attainment - 2012-2016 American Community Survey 5-Year Estimates. Retrieved from <https://tinyurl.com/y9ypog8w>

¹⁷ Progress Index Cleveland. (n.d.). Retrieved from http://progressindexcle.org/#/population?location_uuid=86e865b4-717d-4c8b-b5af-45d399dcc48d&expand_everything=undefined

Despite the sobering statistics regarding the Clark-Fulton neighborhood's characteristics, the neighborhood has easy access to public transportation and is targeted for significant outside investment, including a transit development strategy by the Greater Cleveland Regional Transit Authority (GCRTA). West 25th Street is the second-most frequently used transit corridor with 2.4 million annual riders. The neighborhood is located minutes from downtown Cleveland and has direct access to two interstates (I-71 and I-90) along with 10 RTA bus lines.

The Clark-Fulton neighborhood is home to numerous anchor institutions including MetroHealth Medical Center (nationally ranked nonprofit, public health care system with over 7,000 employees¹⁸), Nestle/LJ Minor (one of the "World's Most Admired Food Companies" according to Fortune magazine¹⁹), Cleveland Metroparks Zoo (a 136-year old, 183-acre zoo²⁰), the West Side Market (the oldest operating indoor/outdoor market in Cleveland²¹), two large steelmaking facilities (ArcelorMittal²² and Heidtman Steel²³).

In addition, Clark-Fulton has several active neighborhood block clubs, new housing developments (including Milford Place and Metro Lofts), two Cleveland Public Library branches, four Cleveland Municipal School District schools, a variety of Historic Churches, a district police headquarters; the West 25th Street/Clark Avenue retail district with 30 locally owned ethnic restaurants and stores.

The neighborhood benefits from having the key community-based organizations: the Northeast Ohio Hispanic Center for Economic Development (provides educational and developmental support for the economic and business growth and advancement of the Hispanic Community²⁴), Hispanic Alliance, Inc. (organizations committed to serving the Hispanic/Latino community²⁵), Hispanic Urban Minority Alcoholism and Drug Abuse Outreach Program (designed to provide bilingual and culturally specific education, prevention, treatment and supportive services of violence, alcohol, tobacco and other drugs²⁶), and Esperanza, Inc. (provides educational programming to ensure that Latino youth are graduating from high school and pursuing a college education²⁷).

¹⁸ The MetroHealth System 2017 Annual Report. Retrieved from <http://mhannualreport.org/>

¹⁹ Nestle Named to Fortune Magazine's List of Most Admired Companies. Retrieved from <https://www.nestlewaterscareers.com/fortune-admired-companies-2015>

²⁰ <https://www.clevelandmetroparks.com/zoo>

²¹ <http://westsidemarket.org/>

²² <http://corporate.arcelormittal.com/>

²³ <http://www.heidtman.com/locations/cleveland-oh/>

²⁴ <http://www.hbcenter.org/page/about-us/>

²⁵ <http://haldiclev.org/hispanic-alliance/>

²⁶ <http://hispanicumadaop.org/>

²⁷ <https://www.esperanzainc.org/>

La Villa Hispana Vision

La Villa Hispana (Hispanic Village) will be the cultural and commercial hub of Northeast Ohio's Hispanic communities. The envisioned area is defined as a quarter-mile radius around the intersection of West 25th Street and Clark Avenue in the Clark-Fulton neighborhood.²⁸ This area is home to the largest concentration of Hispanics in the State of Ohio. As such, there are several Hispanic-centered anchor institutions in the neighborhood: the Northeast Ohio Hispanic Center for Economic Development, Hispanic Alliance, Inc., Hispanic Urban Minority Alcoholism and Drug Abuse Outreach Program, and Esperanza, Inc. Because of the presence of these organizations, La Villa Hispana will serve as a significant attraction to residents and visitors alike interested in Hispanic culture and business.

Beyond acting as a cultural beacon for the Hispanic community, significant effort has been made to boost entrepreneurship and create a viable retail district. The Northeast Ohio Hispanic Center for Economic Development has played a major leadership role in the development and strategy behind La Villa Hispana, given its role in the community as a professional resource for Hispanic residents. Currently, private investments totaling over \$75 million have been provided to revitalize this area.²⁹

Discussion regarding the creation of a cultural and commercial place-making area has been discussed for more than three decades.³⁰ During the past five years substantial planning has occurred. In 2014, La Placita was created as an open-air pop-up summer market and festival located at the intersection of Clark Avenue and West 25th in the US Bank lot. The Latino-themed market is one of many efforts to ignite La Villa Hispana, a community redevelopment project in the Clark-Fulton neighborhood of Cleveland's West Side. This project promotes the neighborhood's Latino culture as a community identity by creating a destination that fosters economic development in the Clark-Fulton neighborhood. Eventually La Placita will evolve into a permanent indoor, year-round operation that houses micro-retail businesses; a permanent Mercado within La Villa Hispana. Most recently, in 2018, during its 4th season 6,500 attendees visited this diverse festival over the three Saturdays of programming.³¹

The 15 buildings in La Villa Hispana, shown in Figure 2, will be used primarily as retail spaces, offices, and residential housing (Appendix Table A-1). The Small Retail Store, Ice House Building, and Small Retail Outlets will offer spaces for retail market businesses. Aragon Lounge, the Belkin Building, and the Kopp Building will have retail spaces on the first floor and residential housing on the upper floors of the buildings. The Lofts at Lion Mills provide affordable housing in its 36 apartments. El Mercado, the Rivera Building, and the Meyer Building are planned as retail and office buildings. The colloquial will function as a banquet hall, while the Municipal Project will house administrative support to the district.

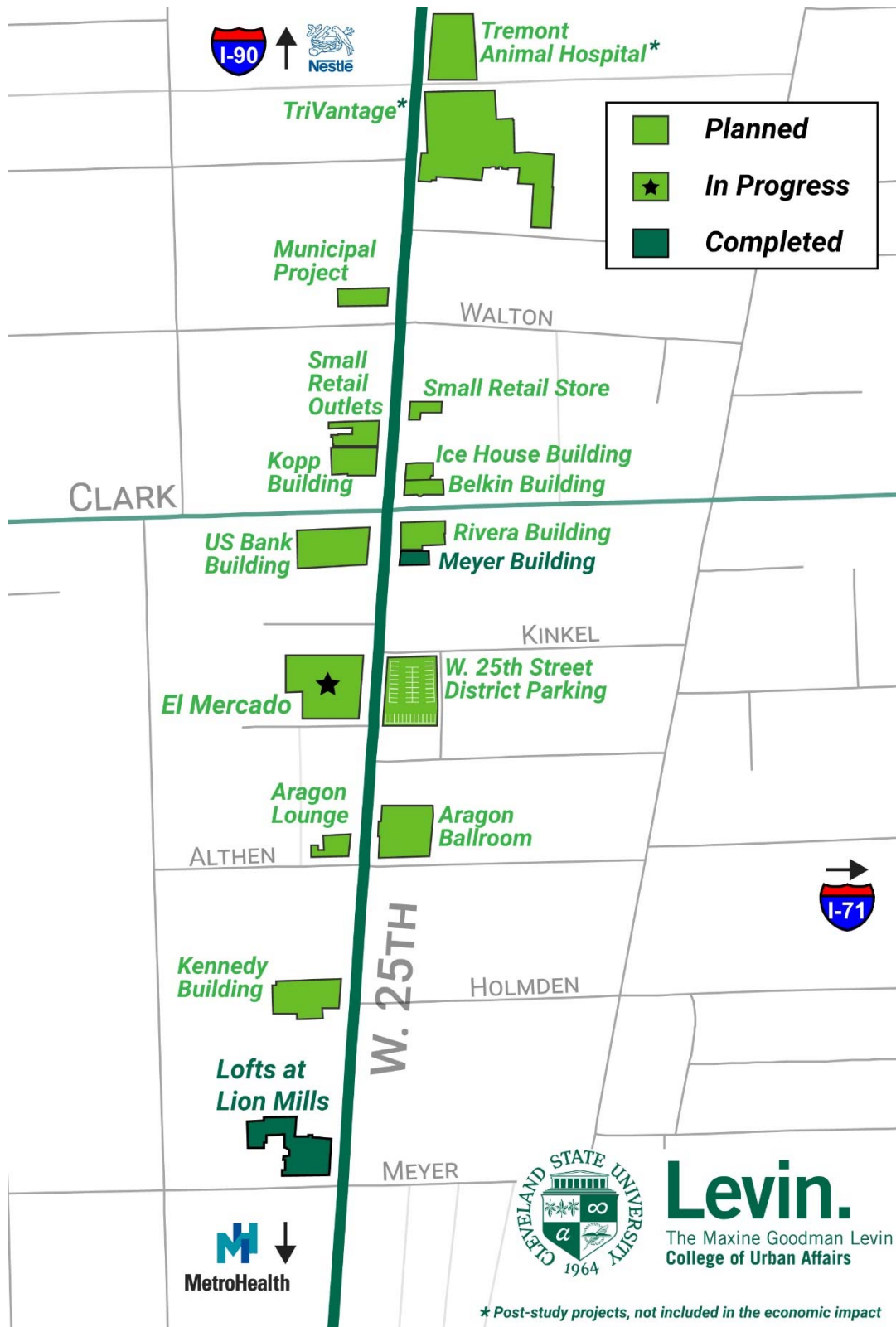
²⁸ La Villa Hispana 2017-2022 Action Plan. (2016, December 20).

²⁹ The Northeast Ohio Hispanic Center for Economic Development.

³⁰ La Villa Hispana 2017-2022 Action Plan. (2016, December 20).

³¹ Ibid.

Figure 2: Map of La Villa Hispana Planned and Completed Buildings



The first developments in La Villa Hispana includes a \$10.7 million historic restoration of the Lofts at Lion Mills building at 3256 West 25th Street and renovation of the Meyer Building at 3109 West 25th Street. The Meyer Building offers a 2,750 square footage of professional office space while the Lofts at Lion Mills offers 21 one-bedroom and 15 two-bedroom apartment units with affordable rent.^{32,33} These two projects were completed in 2017 by the nonprofit Detroit Shoreway Community Development Organization. La Villa Hispana's main development, El Mercado, began construction and renovation in 2018 and will be open for operation by 2020, assuming everything goes as planned.

All 15 projects in La Villa Hispana cost a total of \$54.5 million, including \$9.2 million already invested in the Lofts at Lion Mills and the Meyer buildings. Jenice Contreras, Executive Director of the Northeast Ohio Hispanic Center for Economic Development (NEOHCED), said that "La Villa has been in conversation for three decades, and for whatever reason it hasn't worked out[...]Finally, we're getting it done. La Villa Hispana is what we hope the Clark-Fulton neighborhood will be rebranded as."³⁴

³² Rice, K. (2017, May 9). Update: iconic water tower retakes rightful place atop Lofts at Lion Mills. *FreshWater*.

³³ The Lofts at Lion Mills. 2017. The Project Group. Retrieved from <http://theprojectgroup.net/project-manager-2/lofts-at-lion-mills>

³⁴ Miller, J. (2018, May 11). El Mercado could offer a lift to local Hispanic businesses. Retrieved from <http://www.crainscleveland.com/article/20180511/news/161506/el-mercado-could-offer-lift-local-hispanic-businesses>

El Mercado Vision

El Mercado @ La Villa Hispana will be an adaptive reuse and expansion project of a vacant 32,500 square foot warehouse and office building (total after expansion: 48,352 square feet) in the Clark-Fulton neighborhood (Figure 3). Serving as a nonprofit social service hub within this neighborhood, residents will have access to a host of new businesses. One of the amenities will be 21 kiosks for new retail market businesses. These kiosks will include food, specialty grocery, specialty retail, art, clothing, coffee, baked goods, and candy. Per NEOHCED's estimates, the kiosks will create 63 new jobs by the fourth year of operation. Moreover, these businesses will partially mitigate the poor access to food in this district and provide jobs for residents.

Figure 3. El Mercado Project



Source: The Northeast Ohio Hispanic Center for Economic Development

El Mercado will also house several nonprofit organizations in the proposed office spaces. Esperanza, a nonprofit with the mission to “improve the academic achievement of Hispanics in Greater Cleveland by supporting students to graduate high school and promoting post-secondary educational attainment,” will hold the largest office space to host after-school programming.³⁵ Northeast Ohio Hispanic Center for Economic Development (NEOHCED), which provides professional and developmental support to the Hispanic community in Northeast Ohio, will hold the second largest office space. Two office spaces will be occupied by the Metro West Community Development Organization, Clark-Fulton’s community development corporation, and a community center for residents to interact and celebrate their culture. Currently, Esperanza employs 23 individuals, NEOHCED employs five, the Metro West Community Development Organization employs 13, and the community center employs one. NEOHCED has estimated the creation of five additional jobs at Esperanza, five at NEOHCED, one at the Metro West Community Development Organization, and three at the community center.

The remaining spaces in El Mercado will host both nonprofits and private businesses. The Hispanic Alliance, Inc., a nonprofit dedicated to fulfilling the needs of the Hispanic community in Cleveland, will occupy one unit. Another unit will hold a full-scale restaurant and bar and

³⁵ Mission and Vision | Esperanza Inc. (n.d.). Retrieved from http://www.esperanzainc.org/about_us/mission-vision

another a commercial kitchen. The last two spaces are yet to be determined but could be home to a co-working space or bilingual professional services. Per NEOHCED's estimates, these spaces will create a total of 30 new jobs in five years.

El Mercado's Role in the Community

El Mercado will provide resources to develop new businesses and train employees in the City of Cleveland and especially in the Clark-Fulton neighborhood. Many Hispanic-owned businesses have failed to create a legal business entity or maintain a business bank account. Often the business owners file taxes as an individual than a business. For minority and immigrant entrepreneurs, the challenge is even greater. While this population has an entrepreneurial spirit and values hard work, it also has an ingrained intimidation and/or mistrust of regulatory and financial organizations. As a result, these businesses do not have a sufficient record of accomplishment which limits their ability to grow and deprives the economy of real tax dollars.

El Mercado is envisioned to help incorporate businesses and enhance income opportunities for minority entrepreneurs. In many developing countries, including those from which many people came to Cleveland, if someone wishes to start a home-based business, they simply start one, with no need for licensing or certifications. This can include selling food they make in their kitchen or repairing cars in their home garage. However, by Ohio law, home-based businesses cannot make and produce food without a commercial kitchen. El Mercado businesses will receive culturally-appropriate and linguistically relevant training and access to affordable working capital to start their operation.

In addition, El Mercado will offer healthy food options for the community. While not the sole solution to the complexities of the obesity epidemic, access to nutritious and affordable food is a crucial factor enabling community residents to make easy, healthy choices about their diets. Although the Clark-Fulton neighborhood may have access to numerous fast-food restaurants and corner stores, none of these establishments can provide individuals with the healthy diet needed to sustain overall health and well-being. By offering easy access to healthy, culturally relevant, local, and fresh food options, El Mercado will actively work to combat and improve the health issues that plague Hispanic populations located in food deserts.³⁶

The total construction cost of El Mercado development planned for 2018 and 2019 is \$8.3 million. This catalytic project is viewed as an opportunity to inspire future investments from the City of Cleveland and other businesses looking to call La Villa Hispana home. In fact, El Mercado has already received financing from KeyBank Foundation, Cleveland Foundation, and the State of Ohio. A triple bottom line—job creation, business development, and economic mobility—

³⁶ Food deserts are low income census tracts where a substantial number or share of residents has low access to a supermarket or large grocery store. Source: Ver Ploeg, M., Breneman, V., Dutko, P., Williams, R., Snyder, S., Dicken, C. & Kaufman, Ph. (2012, November). *Access to Affordable and Nutritious Food: Updated Estimates of Distance to Supermarkets Using 2010 Data*, ERR-143, U.S. Department of Agriculture, Economic Research Service.

supports the advancement of the underserved Cleveland Hispanic community residing in the Clark-Fulton neighborhood.

Examples of Successful Models

El Mercado is not the first of its kind. There are several successful ethnically-based marketplaces across the United States (Figure 4). One such institution is Mercado Central in Minneapolis, Minnesota. Much like El Mercado, Mercado Central aimed to create a space for local residents and workers to shop for culturally-cognizant products. Through these efforts, Mercado Central provided a space for micro-entrepreneurs to achieve \$2 million in sales its first year of operation and \$7 million in annual sales by the fifth year. By providing services similar to the Northeast Ohio Hispanic Center for Economic Development, Mercado Central ensured community wealth remained within the community.

Another example of a successful ethnically-based marketplace is Portland Mercado in Portland, Oregon (Figure 4). Portland Mercado was also able to provide business training and assistance like Northeast Ohio Hispanic Center for Economic Development and Mercado Central, which has allowed their original 18 businesses to grow to over 30. Hacienda, Portland's community economic development entity, provided such programming and support through technical assistance, specialized training, access to selling platforms, and access to capital. Much like El Mercado will for the Clark-Fulton neighborhood, Portland Mercado and Hacienda serve and support the surrounding low-income community and micro-entrepreneurs. The success of Mercado Central and Portland Mercado are promising examples of El Mercado's potential success in the Clark-Fulton community.

Figure 4. Successful Models



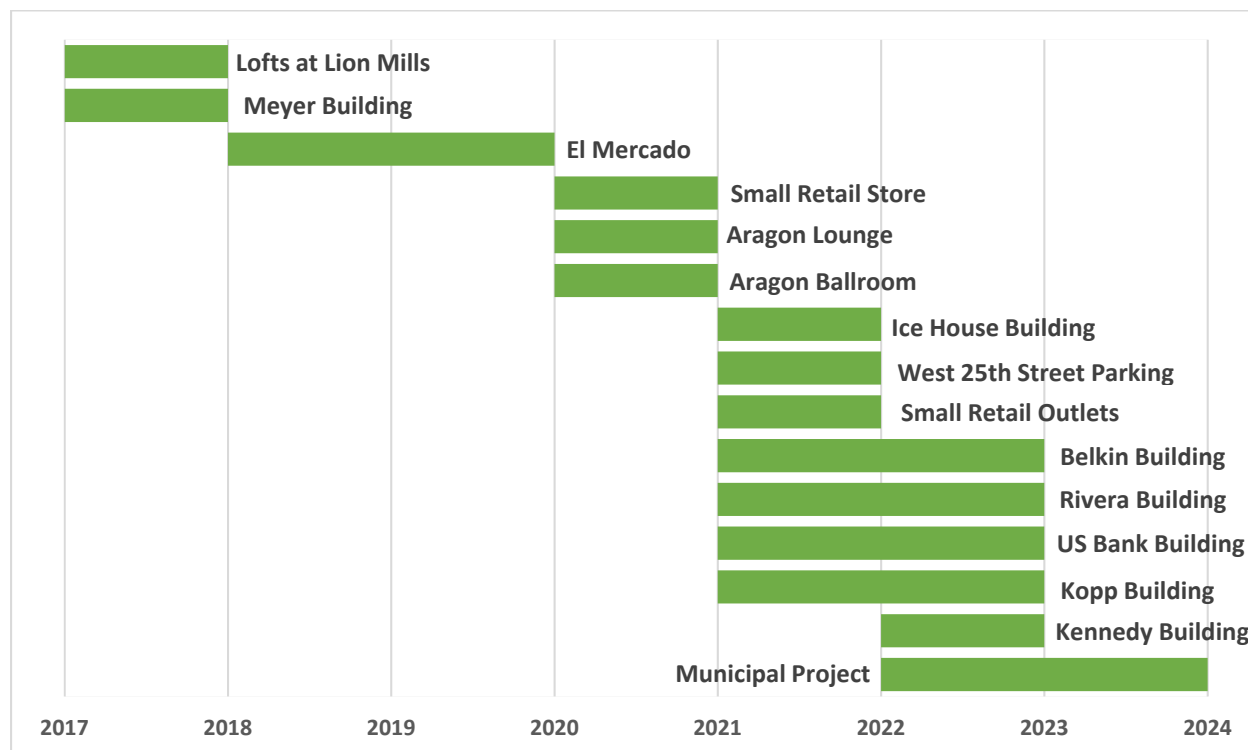
Source: The Northeast Ohio Hispanic Center for Economic Development

THE ECONOMIC IMPACT OF LA VILLA HISPANA

La Villa Hispana's Construction

In this section of the report, we assess the economic impact of the 15 construction and renovation projects for La Villa Hispana, according to the seven-year timeline presented in Figure 5.

Figure 5: Timeline of La Villa Hispana's Construction and Renovation, 2017-2023



Estimates include the impacts from the full renovation of the Lofts at Lion Mills and the Meyer buildings in 2017, and the impacts from El Mercado's construction in 2018 and 2019. The full renovation of the Aragon Ballroom and renovations for the Small Retail Store and Aragon Lounge are planned for 2020. In 2021, the Ice House Building and Small Retail Outlets will be renovated and a new district parking lot on West 25th Street will be built. Also, in 2021, renovations of four other buildings on West 25th Street will start: Belkin Building, Rivera Building, US Bank Building, and Kopp Building. In 2022, a completion of these renovations is planned along with a full renovation of Kennedy Building and the beginning of the Municipal Project construction, which is planned to be completed in two years³⁷. A full completion of all 15 buildings is expected by 2023.

³⁷ City has not committed yet.

Economic Impact from La Villa Hispana's Construction and Renovation

As summarized in Table 1, construction and renovation of La Villa Hispana will have an annual employment impact of 107 jobs in Ohio.^{38,39} Of these, 67 (63%) jobs will be created in Cleveland, 15 (14%) in Cuyahoga County outside of Cleveland, and 25 (23%) statewide outside of Cuyahoga County.

Table 1: Summary of the Economic Impact from La Villa Hispana's Construction and Renovation, 2017-2023

	Average Annual Employment	Cumulative Labor Income	Cumulative Value Added	Cumulative Output	Cumulative State and Local Taxes	Cumulative Federal Tax
Cleveland	67 jobs	\$27.2M	\$36.7M	\$66.3M	\$1.6M	\$3.9M
Cuyahoga County	82 jobs	\$32.9M	\$47.0M	\$81.9M	\$2.9M	\$6.2M
Ohio	107 jobs	\$41.1M	\$60.8M	\$113.5M	\$4.2M	\$8.4M

Note: La Villa Hispana's impacts in 2018 and 2019 include the impacts from El Mercado's construction

New jobs will be created or existing jobs will be supported primarily in construction and construction-related industries, such as construction of new commercial structures, including farm structures (e.g., office buildings, shopping centers, parking lots and garages, and other commercial buildings), maintenance and repair construction of nonresidential structures, construction of new multi-family residential structures, maintenance and repair construction of residential structures, wholesale trade, real estate, and others.⁴⁰

Additionally, construction activities will generate a cumulative labor income impact of \$27.2 million in Cleveland, \$32.9 million countywide in Cuyahoga, and \$41.1 million statewide in Ohio during the period from 2017 to 2023 (Table 1).

We estimate that the cumulative value added impact from the construction and renovation phases of the 15 projects will total at \$36.7 million in Cleveland, \$47 million in Cuyahoga, and \$60.8 million in Ohio (Table 1). The cumulative output impact created due to La Villa Hispana's construction and renovation will be equal to \$66.3 million in Cleveland, \$81.9 million in Cuyahoga County, and \$113.5 million in Ohio during 2017-2023 period.

For the City of Cleveland, we estimate an additional \$1.6 million will be created in state and local taxes due to La Villa Hispana's construction and renovation projects during 2017-2023

³⁸ In IMPLAN® this includes self-employed and wage and salary employees, and all full-time, part-time, and seasonal jobs.

³⁹ When we examine the economic impact on the City of Cleveland, Cuyahoga County, and the State of Ohio, cumulative employment impact from La Villa Hispana construction from 2017 to 2023 will result in creating 468 jobs citywide in Cleveland, 568 in Cuyahoga County, and 749 jobs statewide in Ohio.³⁹ However, as the same people most likely will be employed at these jobs from year to year, an annual average employment impact is a better way of illustrating the economic impact on jobs.

⁴⁰ Based on the employment impact in the 2017-2023 La Villa Hispana's model.

(Table 1). These projects will also generate additional \$3.9 million in federal taxes for the same period.

For Cuyahoga County, an additional \$2.9 million will be collected in state and local taxes from the construction and renovation projects in La Villa Hispana between 2017 and 2023 (Table 1).⁴¹ An additional \$6.2 million will be created in federal tax from the same projects countywide.

In Ohio, the construction phases of the projects are estimated to create \$4.2 million in state and local taxes and \$8.4 million in federal taxes (Table 1).⁴² On average for all regions of economic impact, 31% of the tax impact is in state and local taxes and 69% is in federal taxes.

Direct, Indirect and Induced Impact from Construction and Renovation

Economic activity of La Villa Hispana's construction and renovation projects will trigger hiring additional workers and sustain existing jobs in the construction industry (direct impact) and across industries which provide construction supplies and services (indirect impact). Moreover, money spent by construction workers and employees of the companies in their supply chain will generate induced economic impact on the city, county, and state economy (induced impact). The total economic impact equals the sum of direct impact, indirect impact, and induced impact. The direct, indirect, and induced impacts of La Villa Hispana's construction and renovation on the city, county, and state are presented in Appendix Table A-2.

Impact on Employment and Labor Income

In the City of Cleveland, an average of 51 jobs— 76% of the total employment impact—will be created as the direct result of La Villa Hispana's construction and renovation each year (Figure 6). About eight jobs (12%) will be created as a result of the indirect impact, and another eight jobs (12%) will be created as the induced impact through household spending. The construction projects will also generate labor income. The direct labor income from the construction and renovation phase of La Villa Hispana will be equal to approximately \$21.9 million, 81% of the total labor income impact in Cleveland (Appendix Table A-2).

In Cuyahoga County, La Villa Hispana's construction and renovation projects will have the average employment impact of 82 jobs each year (Figure 6). Of this, 52 jobs (63%) will be the result of direct impact. The direct labor income will amount to \$22.3 million, 68% of the cumulative labor income during the period from 2017 to 2023 (Appendix Table A-2).

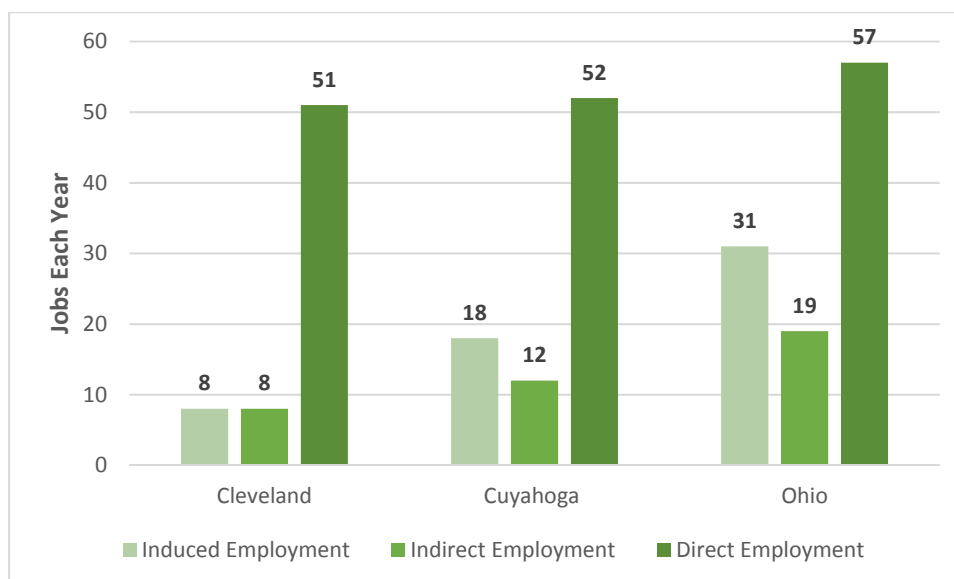
In Ohio, there will be, on average, 107 people employed each year due to additional economic activities in La Villa Hispana's construction and renovation projects (Figure 6). Of this, 57 jobs (53%) will be in direct employment. As such, the cumulative labor income from

⁴¹ Including what is created in Cleveland

⁴² Including what is created in Cuyahoga County

construction activities will increase by \$41.1 million during 2018-2023. Of this impact, \$24.6 million (60%) will be in direct household income (Appendix Table A-2).

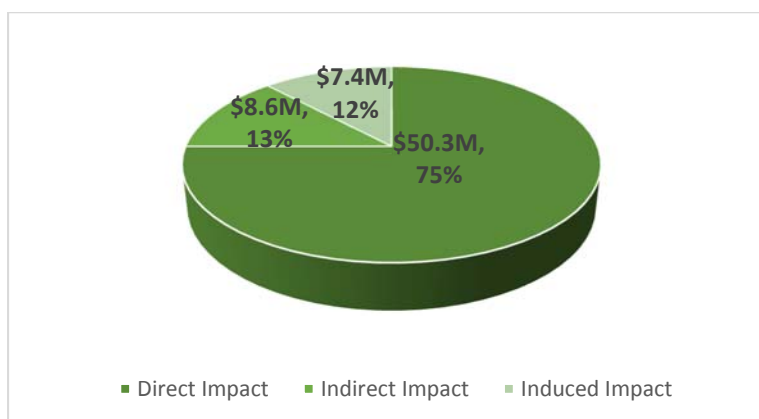
Figure 6: Average Annual Employment by Impact Measure, 2017-2023



Impact on Value Added and Output

The cumulative output impact from La Villa Hispana's construction and renovation will generate \$66.3 million for Cleveland's total value of goods and services: 75% (\$50.3 million) will be due to the direct output impact, 13% (\$8.6 million) of the total output impact will be due to activities of the construction supply chain companies (indirect impact), and 12% (\$7.4 million) will be due to the induced impact from consumer spending (Figure 7). The cumulative value added impact (output less the value of intermediary goods) will be equal to \$36.6 million. Of that, 75% (\$27.4 million) will be attributed to the direct impact (Appendix Table A-2).

Figure 7: Cumulative Output in Cleveland by Impact Measure, 2017-2023



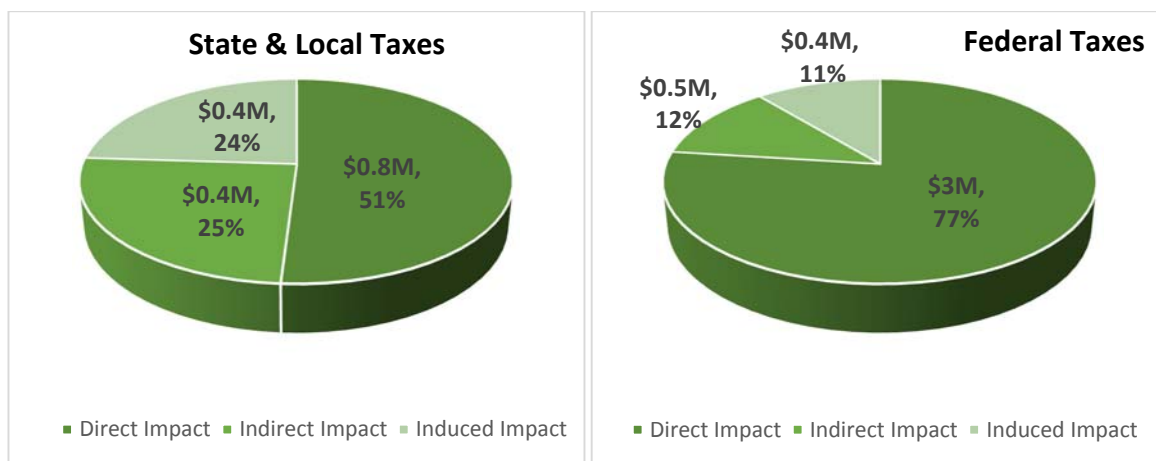
In Cuyahoga County, there will be an economic impact of \$47 million created as additional value added (Appendix Table A-2). Of this, \$28 million (60%) will be attributed to the direct impact. The direct output impact will amount to \$51.2 million, 63% of the cumulative output impact during 2017-2023.

In Ohio, the cumulative value added due to La Villa Hispana's construction and renovation projects will grow by \$60.8 million (Appendix Table A-2). Of the cumulative value added impact, \$31.2 million (51%) will be in direct impact. The cumulative output impact will be equal to \$113.5 million, \$60.5 of which (53%) will be in direct impact.

Tax Impact

In Cleveland, there will be \$5.5 million in cumulative additional tax revenue associated with the 2017-2023 La Villa Hispana construction and renovation activities (Appendix Table A-2). Of the cumulative tax impact, 29% (\$1.6 million) will be generated in a form of state and local taxes and another 71% (\$3.9 million) in a form of federal taxes. Of the \$1.6 million in state and local taxes, \$0.8 million (51%) will be attributed to the direct impact, \$0.4 million (25%) to the indirect impact, and \$0.4 (24%) to the induced impact (Figure 8). Of the \$3.9 million in federal taxes, \$3 million (77%) will be attributed to the direct impact, \$0.5 million (12%) to the indirect impact, and \$0.4 million (11%) to the induced impact (Figure 8).

Figure 8: Cumulative State & Local Taxes and Federal Taxes in Cleveland by Impact Measure, 2017-2023



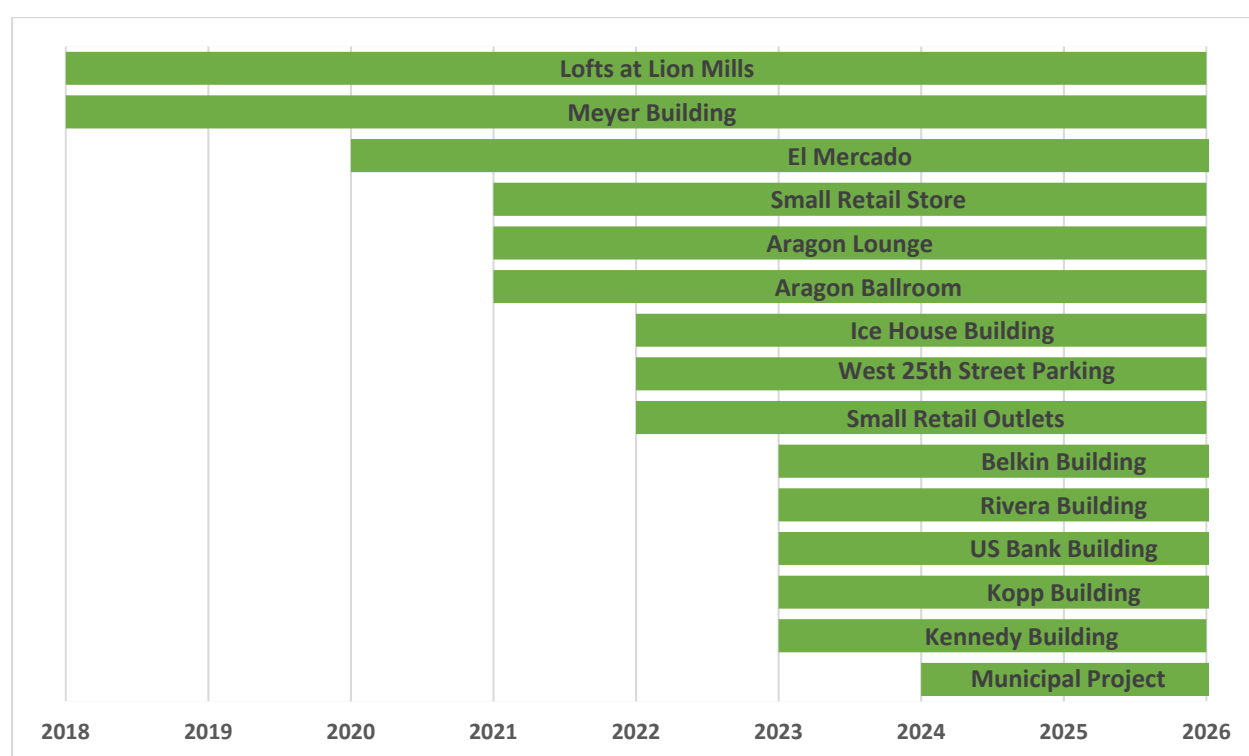
In Cuyahoga County, La Villa Hispana's construction and renovation projects will generate \$9.1 million as additional taxes from 2017 to 2023, \$2.9 million in state and local taxes and \$6.2 million in federal taxes (Appendix Table A-2). The direct impact will amount to \$1.1 million (38%) in the state and local taxes and \$3.9 million (63%) in the federal taxes.

In Ohio, state and local taxes will increase by \$4.2 million and federal taxes by \$8.4 million due to El Mercado's construction (Appendix Table A-2). The direct impact will be equal to \$1.3 million (31%) in state and local taxes and \$4.6 million (55%) in federal taxes.

La Villa Hispana's Operation

In this section of the report, the economic impact of La Villa Hispana's operation is assessed based on the timeline illustrated in Figure 9. The first two projects, the Lofts at Lion Mills and the Meyer buildings, started operating in 2018. El Mercado's opening is planned for 2020. Small Retail Store, Aragon Lounge, and Aragon Ballroom will start their operating in 2021. The Ice House Building, Small Retail Outlets and new West 25th Street Parking will be open for operation in 2022. Five buildings will start operation in 2023: the Belkin Building, Rivera Building, US Bank Building, Kopp Building, and Kennedy Building. The Municipal Project will be open in 2024, assuming the city's approval.

Figure 9: Timeline of La Villa Hispana's Operation, 2018-2026



Economic Impact from La Villa Hispana's Operation

We examine the economic impact of La Villa Hispana's operation on the City of Cleveland, Cuyahoga County, and the State of Ohio. The economic impact of operations is calculated annually from 2018 to 2023 and for the first 3 years of construction completion (2024, 2025, and 2026).

La Villa Hispana's operation during 2018-2026 will create an average of 169 jobs each year in Cleveland, 236 in Cuyahoga County, and 296 in Ohio (Table 2). The average number of

additional jobs created after the full completion of La Villa Hispana will be 301 jobs each year in Cleveland, 444 each year in Cuyahoga County, and 558 each year in Ohio.⁴³

Table 2: Summary of the Economic Impact from La Villa Hispana's Operation, 2018-2026

	Average Annual Employment	Cumulative Labor Income	Cumulative Value Added	Cumulative Output	Cumulative State and Local Taxes	Cumulative Federal Tax
Cleveland	169 jobs	\$73.0M	\$106.7M	\$152.4M	\$5.2M	\$11.2M
Cuyahoga County	236 jobs	\$108.9M	\$170.9M	\$258.9M	\$12.0M	\$21.8M
Ohio	296 jobs	\$126.6M	\$195.8M	\$317.9M	\$13.7M	\$27.1M

Note: La Villa Hispana impacts in 2020-2026 includes impacts from El Mercado's operation

The typical supply chain companies servicing operations of the 15 buildings in La Villa Hispana are classified in the following industries: legal services; retail - miscellaneous store retailers; management of companies and enterprises; individual and family services; retail - food and beverage stores; full-service restaurants; community food, housing, and other relief services, including rehabilitation services, and many others.⁴⁴

La Villa Hispana's operation will generate additional labor income, value added, and output in the city, county, and state. Labor income estimates the household earnings, output measures the total value of goods and services, and value added measures output less the intermediary goods. Cumulative labor income over 2018-2026 period will amount to \$73 million citywide in Cleveland, \$108.9 million countywide in Cuyahoga County, and \$126.6 million statewide in Ohio (Table 2). Cumulative value added by 2026 will be equal to \$106.7 million in Cleveland, \$170.9 million in Cuyahoga County, and \$195.8 million in Ohio. Cumulative output impact will be \$152.4 million in Cleveland, \$258.9 million in Cuyahoga County, and \$317.9 million in the State of Ohio.

Tax revenue will increase due to the operation of La Villa Hispana. The City of Cleveland will collect an additional \$5.2 million in state and local taxes and an additional \$11.2 million in federal taxes over a span of nine years (Table 2). Cuyahoga County will see an increase in state and local taxes by \$12 million and in federal taxes by \$21.8 million. The State of Ohio will grow tax revenue by \$13.7 million from state and local taxes and by \$27.1 million from federal taxes.

Annual Impact on Employment and Labor Income

Figure 10 illustrates the annual impact of La Villa Hispana's operation on employment and labor income in Cleveland, Cuyahoga County, and Ohio. Three periods stand out: before El Mercado starts operating, 2018 and 2019; the beginning of El Mercado's operation and completion of other thirteen La Villa Hispana's projects, 2020-2023; full operation of La Villa Hispana, 2024-2026.

⁴³ These averages are for 2024-2026 period.

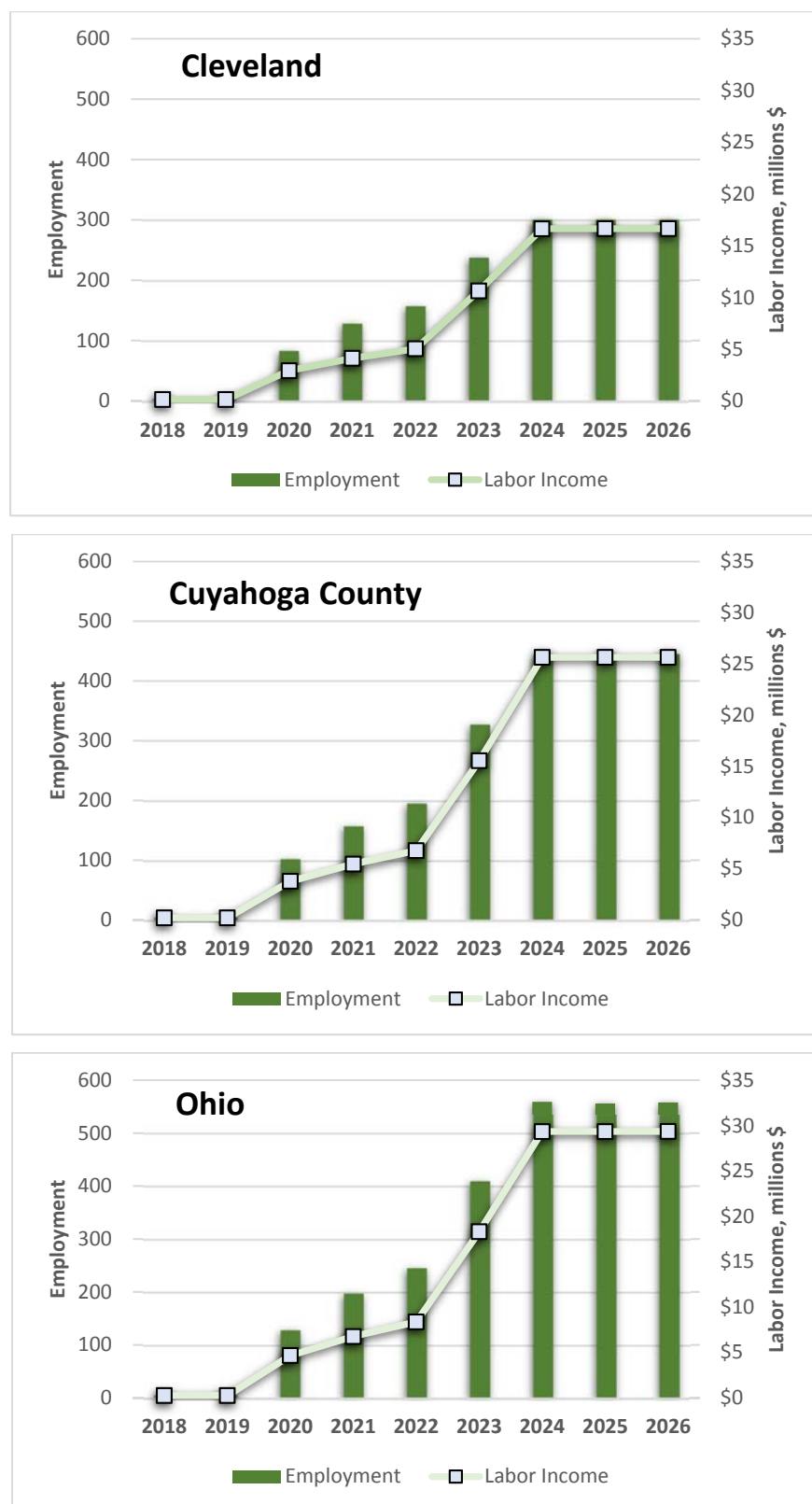
⁴⁴ Based on the employment impact in the 2026 La Villa Hispana's model.

In Cleveland, the operation of La Villa Hispana will create on average four jobs each year in 2018 and 2019 and an annual increase in labor income by \$135,805 (Figure 10). La Villa Hispana's operation in 2020 (after El Mercado is completed) will generate 84 jobs, which corresponds to \$2.9 million in household income. As more projects start their operations, the number of jobs and labor income will grow. In 2023, La Villa Hispana's operation will create 238 jobs and a labor income of \$10.6 million. On average, from 2020 to 2023, La Villa Hispana's operation will result in the creation of 152 jobs each year in Cleveland and \$5.7 million in annual labor income. During its full operation beginning in 2024, La Villa Hispana will generate an average of 301 jobs each year and \$16.6 million in annual labor income.

In Cuyahoga County, on average five jobs will be created in 2018 and 2019 due to La Villa Hispana's operation (Figure 10). Corresponding to these jobs, labor income will be \$195,409 each year. In 2020, the operation of La Villa Hispana will result in 103 jobs and a labor income of \$3.8 million. From 2020 to 2023, an average of 196 jobs will be created each year in Cuyahoga County due to La Villa Hispana's operation. During these four years, labor income will increase on average by \$7.9 million each year. In 2023, 327 jobs will be created in Cuyahoga County and the total household income will grow by \$15.5 million. Over 2024 to 2026, La Villa Hispana's operation will result in 444 jobs each year and an average of \$25.6 million in labor income.

In Ohio, La Villa Hispana's operation will create six jobs each year during 2018-2019 (Figure 10). Economic impact measured in labor income received by employees will be equal to \$250,216 each year. In 2020, 129 jobs will be created in Ohio due to La Villa Hispana's operation. Labor income from these jobs will amount to \$4.7 million. Between 2020 and 2023, on average 246 jobs and about \$9.5 million of additional household income will be created each year statewide. In 2023, the number of jobs in Ohio will increase by 410 due to the operation of La Villa Hispana. Labor income during 2023 will grow by \$18.3 million. Based on La Villa Hispana's years of full operation (2024-2026), 558 jobs and \$29.4 million labor income will be created in the State of Ohio each year.

Figure 10: Annual Impact of La Villa Hispana's Operation on Employment and Labor Income: Cleveland, Cuyahoga County, Ohio



Annual Impact on Value Added and Output

Table 3 presents the annual economic impact of La Villa Hispana's operation on value added and output impacts in the City of Cleveland, Cuyahoga County, and Ohio. *Output* is the total value of goods and services provided by La Villa Hispana, while *value added* represents output less the intermediary goods. From 2018 to 2026, value added due to La Villa Hispana's operation will grow from \$0.2 million to \$24.4 million in Cleveland; from \$0.3 million to \$40 million in Cuyahoga County; and from \$0.4 million to \$45.3 million in the State of Ohio. We estimate that during 2018-2026 period output will increase from \$0.3 million to \$35.2 million in the city; from \$0.5 million to \$60.6 million in the county; and from \$0.6 million to \$73.3 million in the state. As in the previous section, we further discuss the impacts of La Villa Hispana's operation on the value added and output in 2018-2019, 2020-2023, and 2024-2026.

Table 3: Annual Value Added and Output from La Villa Hispana's Operation, 2018-2026

	2018	2019	2020	2021	2022	2023	2024	2025	2026
Cleveland									
Value added	\$0.2M	\$0.2M	\$4.2M	\$5.7M	\$7.0M	\$16.2M	\$24.4M	\$24.4M	\$24.4M
Output	\$0.3M	\$0.3M	\$5.9M	\$8.3M	\$9.8M	\$22.2M	\$35.2M	\$35.2M	\$35.2M
Cuyahoga County									
Value added	\$0.3M	\$0.3M	\$5.9M	\$8.4M	\$10.5M	\$25.5M	\$40.0M	\$40.0M	\$40.0M
Output	\$0.5M	\$0.5M	\$9.1M	\$13.2M	\$16.6M	\$37.5M	\$60.5M	\$60.5M	\$60.6M
Ohio									
Value added	\$0.4M	\$0.4M	\$7.2M	\$10.2M	\$12.6M	\$29.1M	\$45.3M	\$45.3M	\$45.3M
Output	\$0.6M	\$0.6M	\$12.0M	\$17.4M	\$21.3M	\$46.1M	\$73.3M	\$73.3M	\$73.3M

In Cleveland, the average annual value added will amount to \$0.2 million and the average output will equal \$0.3 million in 2018-2019 (calculated from Table 3). During 2020-2023, on average, \$8.3 million in value added and \$11.5 million in output will be added each year citywide due to La Villa Hispana's operation. From 2024 to 2026, during the full operation of La Villa Hispana, the average value added will increase by \$24.4 million annually and the average output by \$35.2 million.

In Cuyahoga County, during 2018-2019, the average annual increase in value added will amount to \$0.3 million, and the average output will grow by \$0.5 million (calculated from Table 3). From 2020 to 2023, the average value added will increase by \$12.6 million and the average output by \$19.1 million. During 2024-2026, full operation of the 15 buildings in La Villa Hispana will generate a gain of \$40 million in value added and \$60.5 million in output.

Statewide in Ohio, in 2018-2019, value added will annually increase by \$0.4 million and output by \$0.6 million (calculated from Table 3). From 2020 to 2023, La Villa Hispana's operation will create on average \$14.8 million in value added and \$24.2 million in output. After the 15 La Villa Hispana's construction projects are completed, on average \$45.3 million of value added and \$73.3 million of output will be added each year in Ohio.

Cumulative Impact on Value Added and Output

Figure A-1 in Appendix shows the cumulative value added and output impacts in Cleveland, Cuyahoga County, and Ohio from 2018 to 2026. In the city, \$107 million of the cumulative value added and \$152 million of the cumulative output will be generated by 2026. La Villa Hispana's operation will secure \$171 million in the cumulative value added and \$259 million in the cumulative output to the county. In Ohio, the cumulative value added will total at \$196 million and the cumulative output \$318 million.

Tax Impact

La Villa Hispana will also have a positive impact on tax revenue received by the city, county, and state. Tax impact includes federal taxes as well as state and local taxes. Figure 11 presents annual and cumulative state and local, and federal taxes in Cleveland, Cuyahoga County and Ohio.

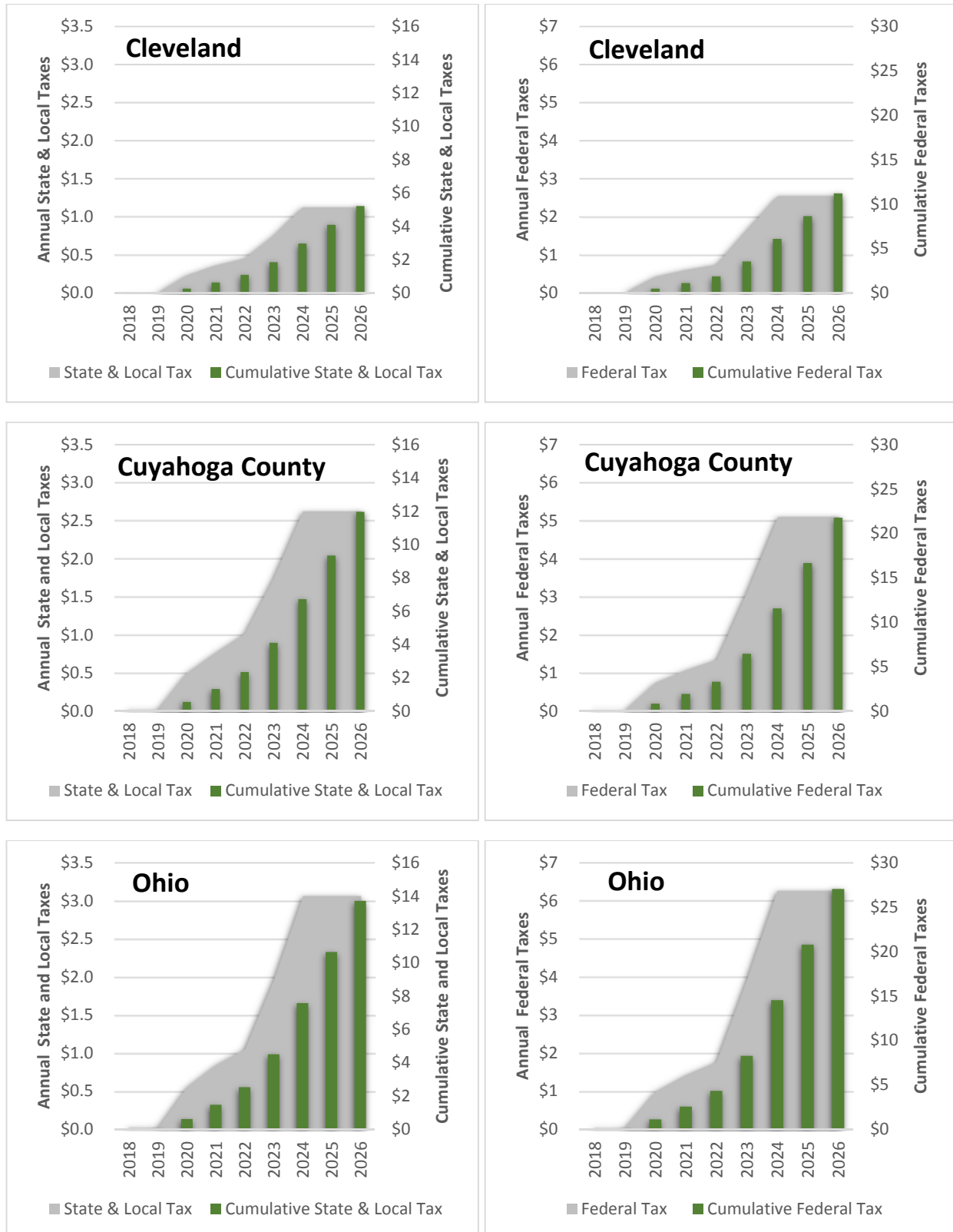
In Cleveland, the annual state and local taxes will increase from \$10,671 in 2018 to \$1.1 million in 2026 (Figure 11). The cumulative state and local taxes will stand at \$5.2 million in 2026. For the city, we estimate that the federal taxes will increase from \$19,669 in 2018 to \$2.6 million in 2026. The cumulative federal taxes will amount to \$11.2 million in 2026.

Countywide in Cuyahoga, the annual state and local taxes will increase from \$23,794 in 2018 to \$2.6 million in 2026 (Figure 11). The cumulative state and local taxes will grow by \$12 million in 2026. Federal taxes will increase, too, from \$36,865 in 2018 to \$5.1 million in 2026. The cumulative federal tax will be equal to \$21.8 million in 2026.

In the State of Ohio, state and local taxes will increase from \$28,172 in 2018 to \$3 million in 2025 (Figure 11). The cumulative state and local taxes will equal \$13.7 million in 2026. Federal taxes collected in Ohio will grow from \$50,626 in 2018 to \$6.3 million. Cumulative federal tax will stand at \$27.1 million in 2026.

On average, \$1.1 million in state and local taxes and \$2.6 million in federal taxes will be created each year in Cleveland during full operation of La Villa Hispana (Figure 11). The county will receive \$2.6 million in state and local taxes and \$5.1 million in federal taxes each year. The State of Ohio will collect an additional \$3.1 million in state and local taxes and \$6.3 million in federal taxes.

Figure 11: Estimated Annual State and Local, and Federal Taxes from La Villa Hispana's Operation, Millions \$, 2018-2026



THE ECONOMIC IMPACT OF EL MERCADO

This section of the report outlines the economic impact of El Mercado’s construction and renovation which is planned for 2018 and 2019. El Mercado will serve as an authentic culturally-based public market, creating a distribution outlet for food-based entrepreneurs, goods-producing entrepreneurs, and entrepreneurs providing services. The economic impact is estimated for the City of Cleveland, Cuyahoga County, and the State of Ohio.

Economic Impact from El Mercado’s Construction and Renovation

El Mercado’s construction will bring on average 46 jobs each year to Cleveland, 56 to Cuyahoga County and 86 to Ohio (Table 4). Economic impact in terms of cumulative labor income will total at \$6 million for Cleveland, \$7.2 million for Cuyahoga County, and \$10.2 million for Ohio.

Table 4: Economic Impact from El Mercado’s Construction and Renovation, 2018-2019

	Average Annual Employment	Cumulative Labor Income	Cumulative Value Added	Cumulative Output	Cumulative State and Local Taxes	Cumulative Federal Tax
Cleveland	46 jobs	\$6.0M	\$7.9M	\$12.6M	\$0.3M	\$0.9M
Cuyahoga County	56 jobs	\$7.2M	\$10.0M	\$15.8M	\$0.6M	\$1.3M
Ohio	86 jobs	\$10.2M	\$15.4M	\$28.4M	\$1.1M	\$2.1M

The largest industries affected by this construction will be: construction of new commercial structures, including farm structures, securities and commodity contracts intermediation and brokerage, architectural, engineering, and related services, full-service restaurants, hospitals, limited-service restaurants, real estate, and wholesale trade.⁴⁵

The cumulative value added from El Mercado’s construction will amount to \$7.9 million in Cleveland, \$10 million in Cuyahoga County, and \$15.4 million in Ohio (Table 4). The estimated cumulative output impact will be \$12.6 million in Cleveland, \$15.8 million in Cuyahoga County, and \$28.4 million in Ohio.

In Cleveland, the construction of El Mercado will generate \$0.3 million in state and local taxes and \$0.9 million in federal taxes during 2018-2019 (Table 4). We estimate that Cuyahoga County will collect \$0.6 million in state and local taxes and \$1.3 million in federal taxes due to El Mercado’s construction. Statewide in Ohio, the construction project will create an additional \$1.1 million in state and local taxes and \$2.1 million in federal taxes.

⁴⁵ Based on the employment impact in the 2018-2019 El Mercado’s model.

Direct, Indirect and Induced Impact from Construction and Renovation

Each of the impacts in Table 4 is a summation of direct impact, indirect impact, and induced impact. Direct impact includes the initial value of goods and services purchased due to the construction of El Mercado. Indirect impact measures the jobs and production needed to manufacture goods and services required for the construction. Induced impact is the increase in spending of local households because of income received through their work at the construction and with suppliers. Table A-3 in Appendix presents the composition of these impacts from El Mercado's construction on the city, county, and state.

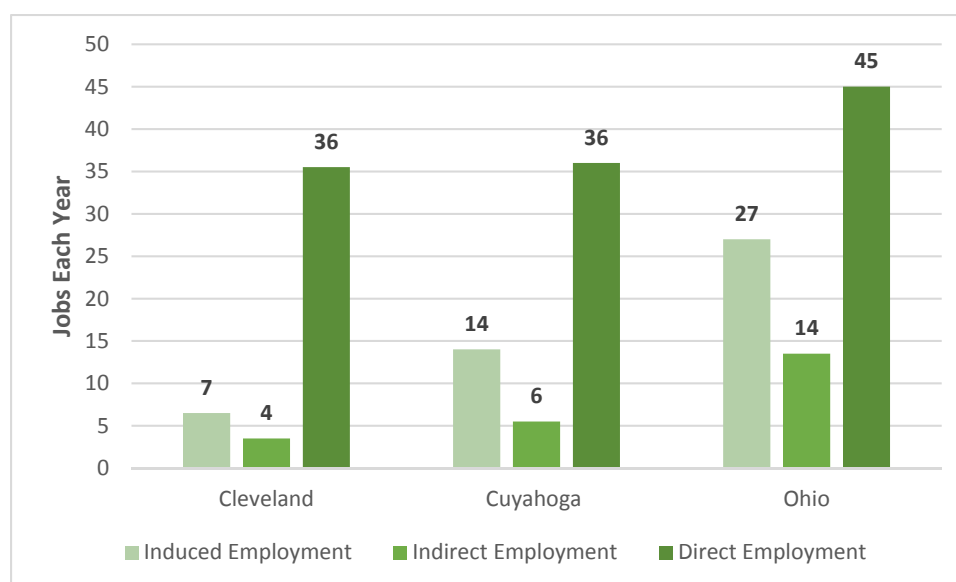
Impact on Employment and Labor Income

In the City of Cleveland, on average 36 jobs, 78% of the total employment impact, will be created due to the direct impact of El Mercado's construction each year (Figure 12). The indirect impact will represent four jobs (9%) and the induced impact will be responsible for seven jobs (15%). The direct cumulative labor income will be equal to \$5 million, 83% of the total impact (Appendix Table A-3).

In Cuyahoga County, El Mercado's construction will create on average 56 jobs each year (Figure 12). Of these jobs, 36 jobs (64%) will be attributed to the direct employment. The cumulative impact of construction will also amount to \$7.2 million in labor income, of which \$5.2 million (72%) will be due to the direct impact (Appendix Table A-3).

In Ohio, El Mercado's construction will generate on average 86 jobs each year (Figure 12). The direct employment will represent 45 jobs, 52% of the total annual employment. The cumulative labor income impact will be \$10.2 million. Of this, \$6.2 million (61%) will be due to the direct impact (Appendix Table A-3).

Figure 12: Average Annual Employment by Impact Measure, 2018-2019



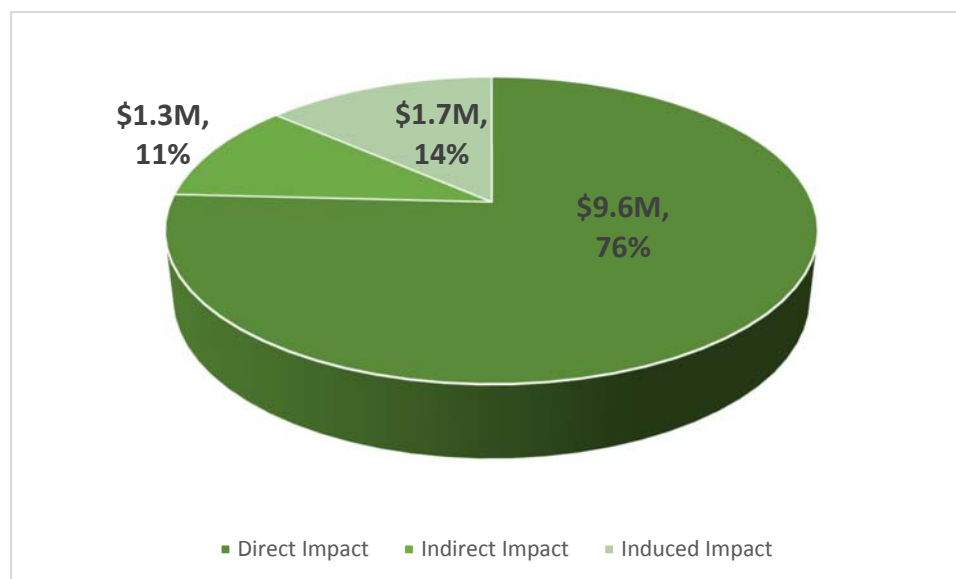
Impact on Value Added and Output

Of the cumulative output impact from El Mercado's construction in Cleveland, \$9.6 million (76%) will be due to the direct output impact, 1.3 million (10%) due to the indirect impact, and 1.7 million (13%) due to the induced impact (Figure 13). Of the total value added impact citywide, \$6.2 million (78%) will be in the direct impact (Appendix Table A-3).

In Cuyahoga County, the cumulative value added impact will grow by \$10 million countywide. Of this, \$6.4 million (64%) will be attributed to the direct impact (Appendix Table A-3). The direct output impact will be equal to \$15.8 million. Of this, \$9.9 million (63%) will be due to the 2018-2019 construction of El Mercado.

In Ohio, the cumulative value added due to El Mercado's construction will increase by \$15.4 million statewide. Of this impact, \$8.2 million (53%) will be in direct impact (Appendix Table A-3). The cumulative output will grow by \$28.4 million. The direct impact will be equal to \$15.5 million (55%).

Figure 13: Cumulative Output in Cleveland by Impact Measure, 2018-2019

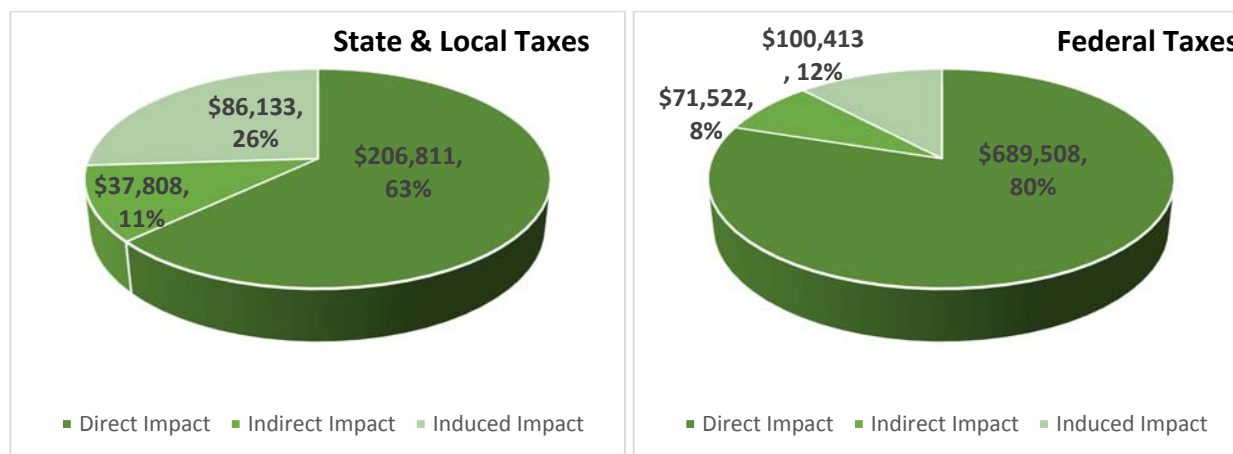


Tax Impact

Total tax revenue to the city associated with El Mercado's construction will amount to \$1.2 million. Of this tax revenue, 25% (\$0.3 million) will be collected in a form of state and local taxes and 75% (\$0.9 million) as federal taxes (calculated from Table A-3). Figure 14 shows the tax impact from construction on the City of Cleveland by impact measure. Of the state and local taxes, \$206,811 (63%) will be the result of the direct impact, \$86,133 (26%) will be created in industries supporting El Mercado's construction and renovation (indirect impact), and \$37,808 (11%) will be created throughout the economy due to increased employee earnings and

spending (induced impact). Of the federal taxes, \$689,508 (80%) will be in the direct impact, \$100,413 (12%) in the indirect impact, and \$71,522 (8%) in the induced impact.

Figure 14: Cumulative State & Local Taxes and Federal Taxes in Cleveland by Impact Measure, 2018-2019



In Cuyahoga County, El Mercado's construction will generate an additional \$0.6 million in state and local taxes and \$1.3 million in federal taxes (Appendix Table A-3). The direct impact will be equal to \$0.3 million (50%) in the state and local taxes and \$0.9 million (69%) in the federal taxes.

In Ohio, state and local taxes will grow by \$1.1 million and federal taxes by \$2.1 million due to El Mercado's construction (Appendix Table A-3). The direct impact will be equal to \$0.4 million (36%) in state and local taxes and \$1.2 million (57%) in federal taxes.

Economic Impact from El Mercado's Operation

El Mercado's opening is planned for 2020. In this section, we examine the economic impact of its operation annually from 2020 to 2026. Table 8 summarizes our estimates from the City of Cleveland, Cuyahoga County, and the State of Ohio models.

The average annual employment impact from El Mercado's operation will be 119 jobs each year in Cleveland, 146 in Cuyahoga County, and 189 in Ohio (Table 5). The average number of jobs created after the full completion of La Villa Hispana (2024-2026 period) will be 134 jobs each year in Cleveland, 165 in Cuyahoga county, and 218 in Ohio.

Table 5: Economic Impact from El Mercado's Operation, 2020-2026

	Average Annual Employment	Cumulative Labor Income	Cumulative Value Added	Cumulative Output	Cumulative State and Local Taxes	Cumulative Federal Tax
Cleveland	119 jobs	\$26.9M	\$38.0M	\$50.4M	\$2.4M	\$4.1M
Cuyahoga County	146 jobs	\$35.4M	\$56.7M	\$87.5M	\$5.6M	\$7.3M
Ohio	189 jobs	\$43.6M	\$67.7M	\$114.7M	\$5.8M	\$9.8M

The typical supply chain of companies servicing El Mercado's operation are classified in the following industries: individual and family services; retail - food and beverage stores; retail - miscellaneous store retailers; community food, housing, and other relief services, including rehabilitation services; full-service restaurants; real estate, and many others.⁴⁶

El Mercado's operation will increase labor income, value added and output in the city, county, and state. Labor income represents the household earnings; output is the total value of goods and services; and value added is output less the intermediary goods. The cumulative labor income during 2020-2026 period will be equal to \$26.9 million in Cleveland, \$35.4 million in Cuyahoga County, and \$43.6 million in the State of Ohio (Table 5). The cumulative value added by 2026 will amount to \$38 million in Cleveland, \$56.7 million in Cuyahoga County, and \$67.7 million in Ohio. The cumulative output impact will total to \$50.4 million in Cleveland, \$87.5 million in Cuyahoga County, and \$114.7 million in the State of Ohio.

Tax revenue collected as a result of El Mercado's operation will increase by \$2.4 million in state and local taxes and \$4.1 million in federal taxes for the City of Cleveland (Table 5). Cuyahoga County will receive an additional \$5.6 million in state and local taxes and \$7.3 million in federal taxes. The State of Ohio will grow its tax revenue by \$5.8 million in state and local taxes, and by \$9.8 million in federal taxes.

⁴⁶ Based on the employment impact in the 2026 El Mercado's model.

Annual Impact on Employment and Labor Income

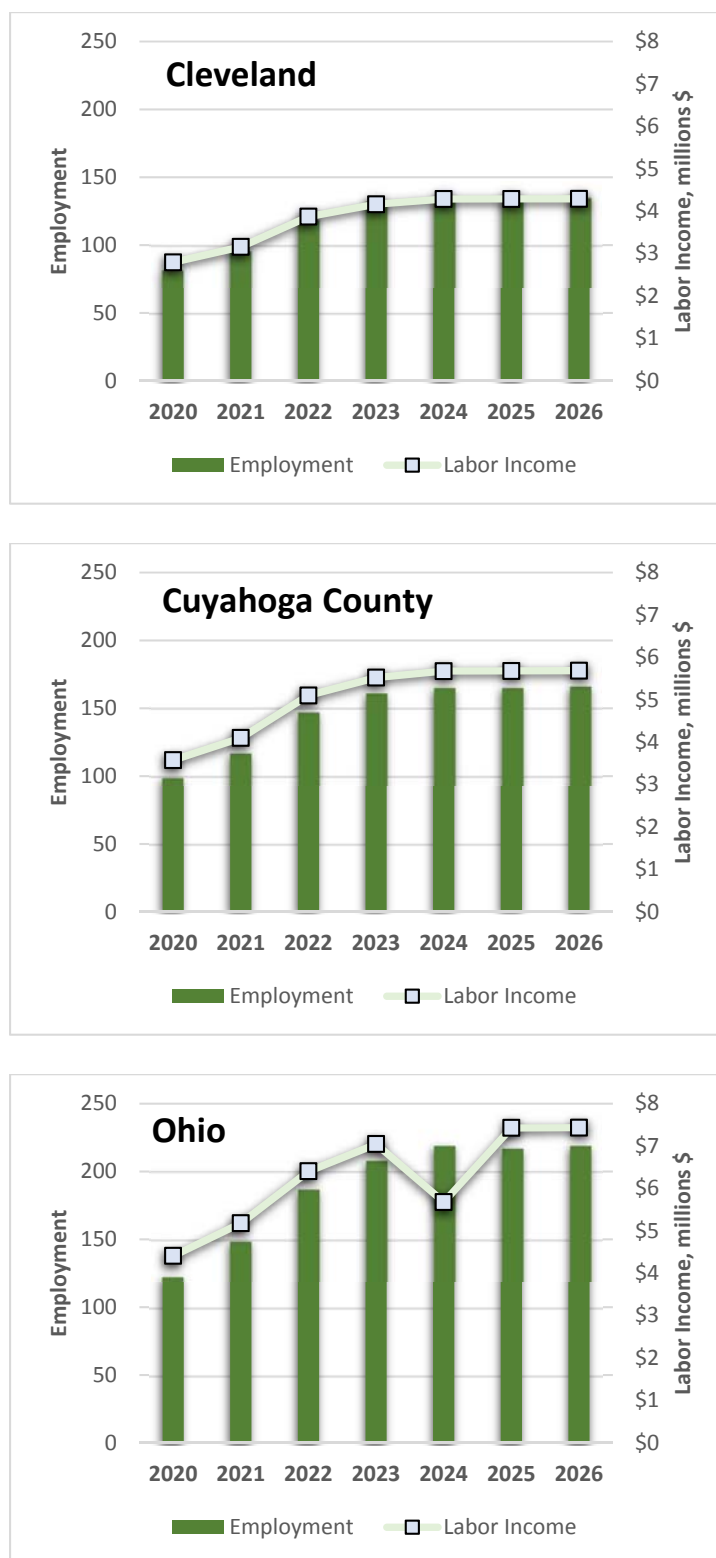
Figure 15 shows the annual impact of El Mercado's operation on employment and labor income in Cleveland, Cuyahoga County, and Ohio. We distinguish two periods: El Mercado's operation during La Villa Hispana's construction, 2020-2023; and El Mercado's operation during full operation of La Villa Hispana, 2024-2026.

In Cleveland, the operation of El Mercado will create on average 107 each year in 2020-2023 and an annual increase in labor income will be \$3.5 million (Figure 15). After La Villa Hispana's construction is completed, El Mercado will generate 134 jobs annually, which corresponds to \$4.3 million in annual household income. From 2020 to 2026, the number of jobs created each year will grow from 82 to 135 (by 65%); and labor income will increase from \$2.8 million to \$4.3 million (by 54%).

In Cuyahoga County, on average, 131 jobs will be created each year during the 2020-2023 period (Figure 15). Corresponding to these jobs, annual labor income will amount to \$4.6 million. During 2024-2026, on average 165 jobs will be associated with El Mercado's operation and labor income will increase by \$5.7 million each year. The number of jobs created in the county will grow from 99 jobs in 2020 to 166 jobs in 2026, a 67% increase. Labor income will grow by 59%: from \$3.6 million in 2020 to \$5.7 million in 2026.

In the State of Ohio, 167 jobs on average will be created annually during 2020-2023 period due to El Mercado's operation (Figure 15). Labor income will increase by \$5.8 million each year. During full operation of La Villa Hispana, 218 jobs will be created annually and the average household income will grow by \$6.8 million. During seven years of El Mercado's operation, the number of jobs in Ohio will grow by 78% (from 123 jobs in 2020 to 219 jobs in 2026) and labor income will increase by 69% (from \$4.4 million in 2020 to \$7.4 million in 2026).

Figure 15: Annual Impact of El Mercado's Operation on Employment and Labor Income: Cleveland, Cuyahoga County, Ohio



Annual Impact on Value Added and Output

Table 6 presents the annual economic impact of El Mercado's operation on value added and output in Cleveland, Cuyahoga County, and Ohio. Output is the total value of goods and services that will be provided by El Mercado, while value added represents output less the intermediary goods. From 2020 to 2026, value added due to El Mercado's operation will grow from \$4 million to \$6.1 million in Cleveland (by 52%); from \$5.6 million to \$9.2 million in Cuyahoga County (by 63%); and from \$6.8 million to \$11.5 million in the State of Ohio (by 69%). Our estimates show that from 2020 to 2026, output will increase from \$5.6 million to \$7.9 million in the city (by 42%); from \$8.6 million to \$14.2 million in the county (by 64%); and from \$11.4 million to \$20.2 million in the state (by 76%). We further discuss the impacts of El Mercado's operation on the value added and output during the final four years of La Villa Hispana's construction (2020-2023), and during the first three years of La Villa Hispana's operation (2024-2026).

In Cleveland, the average annual value added will total \$5 million and the average output will be equal to \$6.6 million throughout the 2020-2023 period (calculated from Table 6). During La Villa Hispana's full operation (2024-2026), the average annual value added from El Mercado's operation will be \$6.1 million and the average output will increase by \$7.9 million each year.

In Cuyahoga County, from 2020 to 2023, the average annual increase in value added will amount to \$7.3 million, and the average output will total at \$11.3 million each year (calculated from Table 6). During 2024-2026, El Mercado will generate a gain of \$9.2 million in value added and \$14.1 million in output.

In the State of Ohio, during 2020-2023, value added due to El Mercado operation will annually increase by \$8.9 million and output will grow by \$15.1 million (calculated from Table 6). From 2024 to 2026, the estimated value added impact will average at \$10.7 million, and the average output impact will be \$18.2 million.

Table 6: Annual Value Added and Output from El Mercado's Operation, 2020-2026

	2020	2021	2022	2023	2024	2025	2026
Cleveland							
Value added	\$4.0M	\$4.5M	\$5.5M	\$5.8M	\$6.1M	\$6.1M	\$6.1M
Output	\$5.6M	\$6.1M	\$7.2M	\$7.6M	\$7.9M	\$7.9M	\$7.9M
Cuyahoga County							
Value added	\$5.6M	\$6.5M	\$8.2M	\$8.9M	\$9.2M	\$9.2M	\$9.2M
Output	\$8.6M	\$10.1M	\$12.7M	\$13.7M	\$14.1M	\$14.1M	\$14.2M
Ohio							
Value added	\$6.8M	\$8.0M	\$9.9M	\$10.8M	\$9.2M	\$11.5M	\$11.5M
Output	\$11.4M	\$13.6M	\$16.7M	\$18.5M	\$14.1M	\$20.2M	\$20.2M

Cumulative Impact on Value Added and Output

Figure A-2 in the Appendix displays the cumulative value added and output impacts in Cleveland, Cuyahoga County, and Ohio from 2020 to 2026. In the city, \$38 million of the cumulative value added and \$50 million of the cumulative output will be created by 2026. El Mercado's operation will secure \$57 million in the cumulative value added and \$88 million in the cumulative output to the county. In Ohio, the cumulative value added will be \$68 million and the cumulative output \$115 million.

Tax Impact

El Mercado will also help the tax revenue of the city, county, and state grow. Figure 16 presents annual and cumulative state and local, and federal taxes in Cleveland, Cuyahoga County, and Ohio.

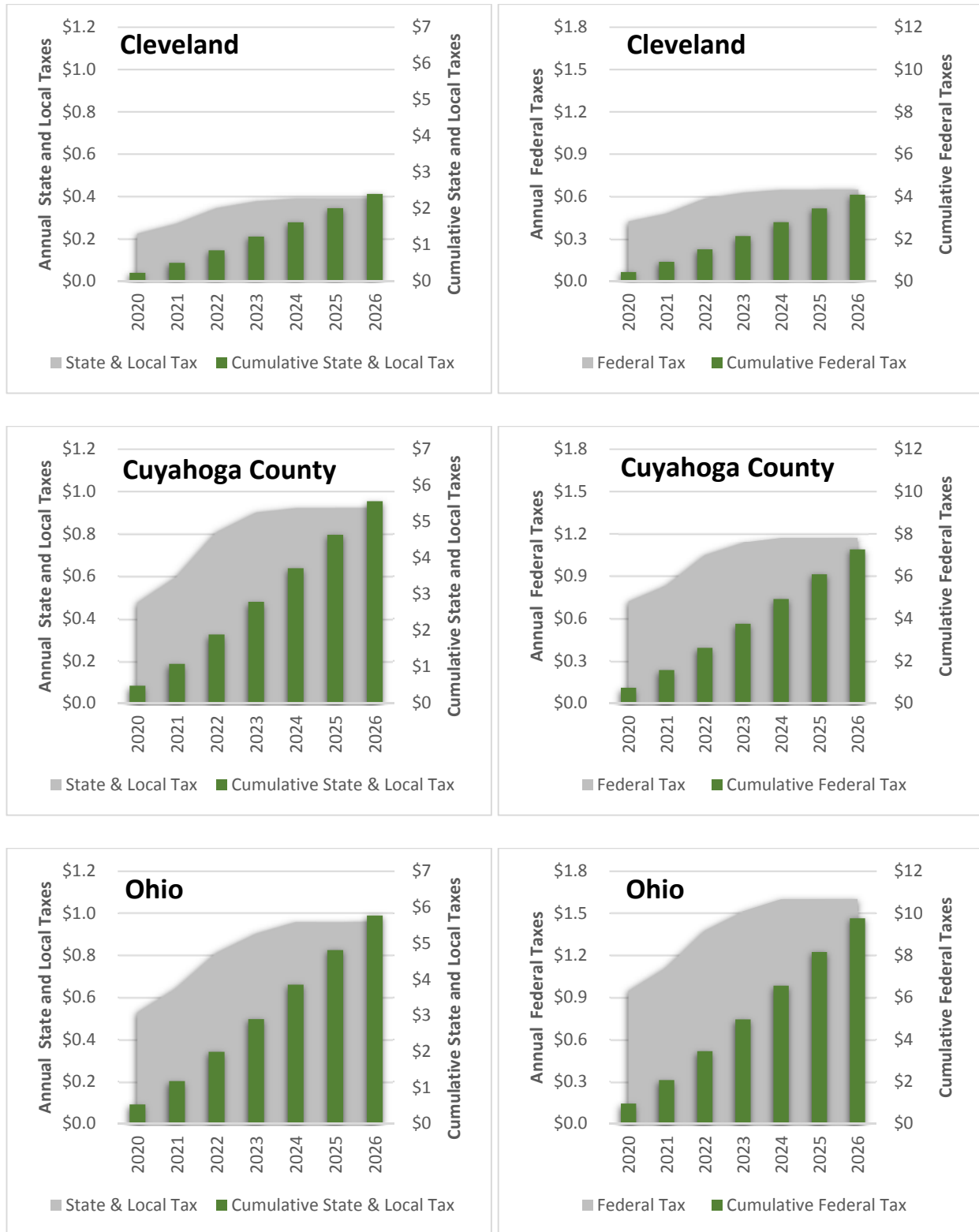
In Cleveland, the annual state and local taxes will increase from \$0.2 million in 2020 to \$0.4 million in 2026, or by 74% (Figure 16). The cumulative state and local taxes will total \$2.4 million in 2026. For the city, our estimates show that the federal taxes will grow from \$0.4 million in 2020 to \$0.7 million in 2026, a 54% increase. The cumulative federal taxes will total \$4.1 million in 2026.

In Cuyahoga County, the annual state and local taxes will increase from \$0.5 million in 2020 to \$0.9 million in 2026 (by 94%), as shown in Figure 16. The cumulative state and local taxes will grow by \$5.6 million in 2026. Federal taxes will increase by 62%: from \$0.7 million in 2020 to \$1.2 million in 2026. The cumulative federal tax will total \$7.3 million in 2026.

In Ohio, state and local taxes will increase from \$0.5 million in 2020 to \$1 million in 2026, an increase of 81% (Figure 16). The cumulative state and local taxes will be \$5.8 million in 2026. Federal taxes collected in the state will grow by 69%: from \$0.9 million to \$1.6 million over the seven-year period. The cumulative federal tax will be \$9.8 million in 2026.

On average, \$0.3 million in state and local taxes and \$0.6 million in federal taxes will be created each year in the City of Cleveland during El Mercado's full operation (Figure 16). Cuyahoga County will receive \$0.8 million in state and local taxes and \$1 million in federal taxes each year. Ohio will collect on average \$0.8 million in state and local taxes annually and \$1.4 million in federal taxes.

Figure 16: Estimated Annual State and Local, and Federal Taxes from El Mercado's Operation, Millions \$, 2020-2026



APPENDIX

Table A-1: La Villa Hispana's Construction and Renovation Projects

Name of the Project	Address in Cleveland	Vision
Belkin Building	3093 W 25 th Street	1 st floor retail; 2 nd and 3 rd floor residential
Ice House Building	3085 W 25 th Street	Retail Spaces
Small Retail Store	3057 W 25 th Street	Retail Spaces
Small Retail Outlets	3066-3070 W 25 th Street	Retail Spaces
Kopp Building	3074 W 25 th Street	1 st floor retail; 2 nd and 3 rd floor residential
US Bank Building	3100 W 25 th Street	Retail and Office Spaces
Aragon Lounge	3182 W 25 th Street	1 st floor retail; 2 nd floor residential
Aragon Ballroom	3179 W 25 th Street	Banquet Hall
Kennedy Building	3212 W 25 th Street	Office Spaces
Lofts at Lion Mills	3256 W 25 th Street	Residential Housing
Rivera Building	3101 W 25 th Street	Retail and Office Spaces
Meyer Building	3109 W 25 th Street	Retail and Office Spaces
West 25th Street District Parking	3145 W 25 th Street	Parking
Municipal Project	2994 W 25 th Street	Administrative Offices
El Mercado	3140 W 25 th Street	Retail and Office Spaces; Business Incubator
Tremont Animal Hospital⁴⁷	2885 W 25 th Street	Veterinary Clinic
TriVantage Property⁴⁸	2937 W 25 th Street	Fabric Wholesale & Manufacturing

⁴⁷ Projects developed during the study, not included in the economic impact analysis.

⁴⁸ Ibid.

Table A-2: Estimated Economic Impact from La Villa Hispana's Construction and Renovation on the City of Cleveland, Cuyahoga County, and Ohio, 2017-2023

Impacts	Average Annual Employment	Cumulative Labor Income	Cumulative Value Added	Cumulative Output	Cumulative State and Local Taxes	Cumulative Federal Tax
Cleveland						
Direct	51 jobs	\$21.9M	\$27.4M	\$50.3M	\$0.8M	\$3.0M
Indirect	8 jobs	\$3.0M	\$4.7M	\$8.6M	\$0.4M	\$0.5M
Induced	8 jobs	\$2.3M	\$4.5M	\$7.4M	\$0.4M	\$0.4M
Total	67 jobs	\$27.2M	\$36.6M	\$66.3M	\$1.6M	\$3.9M
Cuyahoga County						
Direct	52 jobs	\$22.3M	\$28.0M	\$51.2M	\$1.1M	\$3.9M
Indirect	12 jobs	\$4.8M	\$8.0M	\$13.0M	\$0.8M	\$1.0M
Induced	18 jobs	\$5.8M	\$11.0M	\$17.7M	\$1.0M	\$1.3M
Total	82 jobs	\$32.9M	\$47.0M	\$81.9M	\$2.9M	\$6.2M
Ohio						
Direct	57 jobs	\$24.6M	\$31.2M	\$60.5M	\$1.3M	\$4.6M
Indirect	19 jobs	\$7.2M	\$12.1M	\$23.1M	\$1.2M	\$1.6M
Induced	31 jobs	\$9.3M	\$17.5M	\$29.9M	\$1.7M	\$2.2M
Total	107 jobs	\$41.1M	\$60.8M	\$113.5M	\$4.2M	\$8.4M

Figure A-1: Cumulative Value Added and Output from La Villa Hispana's Operation in Cleveland, Cuyahoga County and Ohio, 2018-2026

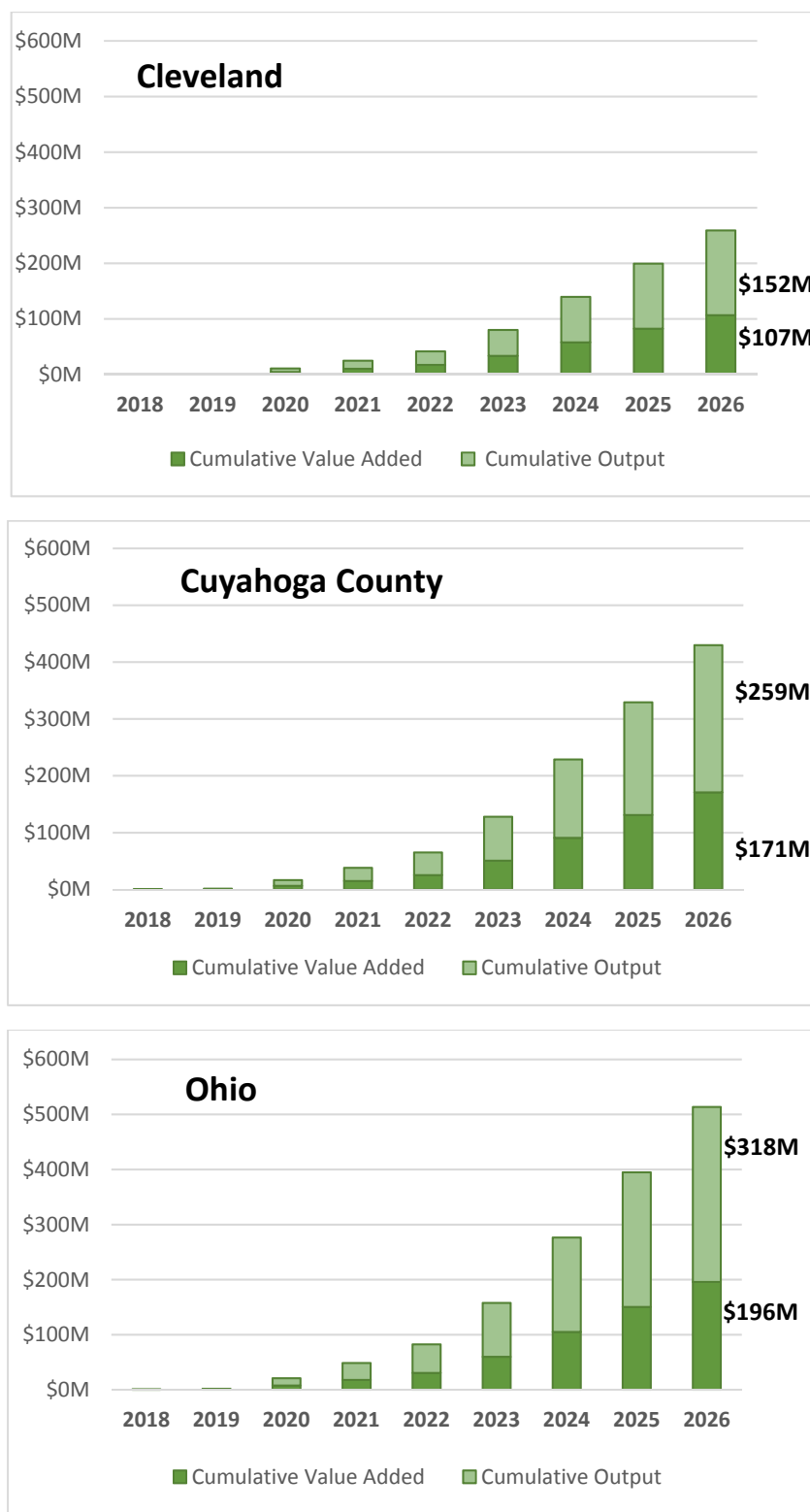


Table A-3: Estimated Economic Impact from El Mercado's Construction and Renovation on the City of Cleveland, Cuyahoga County, and Ohio, 2018-2019

Impacts	Average Annual Employment	Cumulative Labor Income	Cumulative Value Added	Cumulative Output	Cumulative State and Local Taxes	Cumulative Federal Tax
Cleveland						
Direct	36 jobs	\$5.0M	\$6.2M	\$9.6M	\$0.2M	\$0.7M
Indirect	4 jobs	\$0.4M	\$0.7M	\$1.3M	\$0.0M	\$0.1M
Induced	7 jobs	\$0.5M	\$1.0M	\$1.7M	\$0.1M	\$0.1M
Total	46 jobs	\$6.0M	\$7.9M	\$12.6M	\$0.3M	\$0.9M
Cuyahoga County						
Direct	36 jobs	\$5.2M	\$6.4M	\$9.9M	\$0.3M	\$0.9M
Indirect	6 jobs	\$0.7M	\$1.2M	\$2.0M	\$0.1M	\$0.2M
Induced	14 jobs	\$1.3M	\$2.4M	\$3.9M	\$0.2M	\$0.3M
Total	56 jobs	\$7.2M	\$10.0M	\$15.8M	\$0.6M	\$1.3M
Ohio						
Direct	45 jobs	\$6.2M	\$8.2M	\$15.5M	\$0.4M	\$1.2M
Indirect	14 jobs	\$1.7M	\$2.9M	\$5.5M	\$0.2M	\$0.4M
Induced	27 jobs	\$2.3M	\$4.4M	\$7.4M	\$0.4M	\$0.6M
Total	86 jobs	\$10.2M	\$15.4M	\$28.4M	\$1.1M	\$2.1M

Figure A-2: Cumulative Value Added and Output from El Mercado's Operation in Cleveland, Cuyahoga County and Ohio, 2020-2026

